

2014 No. 1822

**CO-OPERATIVE SOCIETIES
COMMUNITY BENEFIT SOCIETIES
CREDIT UNIONS**

**The Co-operative and Community Benefit Societies and Credit
Unions (Arrangements, Reconstructions and Administration)
(Amendment) Order 2014**

<i>Made</i> - - - -	<i>9th July 2014</i>
<i>Laid before Parliament</i>	<i>11th July 2014</i>
<i>Coming into force</i> - -	<i>1st August 2014</i>

The Treasury make the following Order in exercise of the powers conferred by section 118 of the Co-operative and Community Benefit Societies Act 2014^(a).

The Secretary of State concurs in the making of this Order.

Citation and commencement

1.—(1) This Order may be cited as the Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) (Amendment) Order 2014.

(2) This Order comes into force on 1st August 2014, immediately after the Co-operative and Community Benefit Societies and Credit Unions Act 2010 (Consequential Amendments) Regulations 2014^(b).

Amendment of the Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014

2. The Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014^(c) is amended as follows.

Article 1(2) (interpretation)

3. In article 1(2)—

(a) 2014 c. 14.

(b) S.I. 2014/1815.

(c) S.I. 2014/229, previously cited as the Industrial and Provident Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014 and given a new citation by S.I. 2014/1815.

- (a) omit the definitions of “the 1965 Act” and “the 1967 Act”;
- (b) after the definition of “the 2006 Act” insert—
 - ““the 2014 Act” means the Co-operative and Community Benefit Societies Act 2014(a);”;
- (c) omit the definitions of “committee”, “the FCA” and “officer”;
- (d) in the definition of “member” for “section 44(1) of the 1965 Act” substitute “section 30(1) of the 2014 Act”; and
- (e) in the definition of “relevant society” for “society which is registered under the 1965 Act and” substitute “registered society which”.

Modified application of sections 50 to 52 and 59 of the Industrial and Provident Societies Act 1965

4. For articles 13 to 16 substitute—

“Modified application of section 111 of the 2014 Act

13.—(1) Paragraph (2) applies where, in relation to a relevant society which is in administration, the administrator’s proposals under paragraph 49 or a revision to proposals under paragraph 54 include relevant provision.

(2) Section 111 of the 2014 Act (special resolutions under section 109 or 110) has effect as if—

- (a) it provided that—
 - (i) the second meeting referred to in subsection (2) is to be treated as having been summoned by the administrator for consideration of the proposals or the revision under paragraph 53 or 54;
 - (ii) where that meeting confirms the resolution passed in relation to the relevant provision at the first meeting referred to in subsection (2), the relevant provision is to be treated as approved by the members of the society for the purposes of paragraph 53(1) or 54(5);
- (b) in subsection (5) for the words from “Within 14 days” to “a copy of it” there were substituted “The society must send the FCA a copy of the special resolution that is”; and
- (c) subsection (8) were omitted.

(3) In this article—

- (a) a reference to a numbered paragraph, except the reference to paragraph (2) of this article, is a reference to the paragraph so numbered in Schedule B1 to the Insolvency Act 1986(b) as applied in relation to a relevant society by this Order; and
- (b) “relevant provision” means provision for amalgamation in pursuance of section 109 of the 2014 Act (amalgamation of societies) or for a transfer of engagements in pursuance of section 110 of that Act (transfer of engagements between societies).

(a) 2014 c. 14.

(b) 1986 c. 45. Schedule B1 was inserted by the Enterprise Act 2002, section 248(2) and Schedule 16; and was amended by the Financial Services Act 2012, Schedule 18, paragraphs 51 and 55, and by S.I. 2003/2096, 2008/948 and 2008/1897. There are other amendments not relevant to this Order.

Modified application of section 113 of the 2014 Act

14.—(1) Paragraph (2) applies where, in relation to a relevant society which is in administration, the administrator’s proposals under paragraph 49 or a revision to proposals under paragraph 54 include relevant provision.

(2) Section 113 of the 2014 Act (special resolutions under section 112) has effect as if—

(a) it provided that—

(i) the second meeting referred to in subsection (2) is to be treated as having been summoned by the administrator for consideration of the proposals or the revision under paragraph 53 or 54;

(ii) where that meeting confirms the resolution passed in relation to the relevant provision at the first meeting referred to in subsection (2), the relevant provision is to be treated as approved by the members of the society for the purposes of paragraph 53(1) or 54(5);

(b) in subsection (5) the words from “Within 14 days from the day of the second meeting,” were omitted; and

(c) subsection (8) were omitted.

(3) In this article—

(a) a reference to a numbered paragraph, except the reference to paragraph (2) of this article, is a reference to the paragraph so numbered in Schedule B1 to the Insolvency Act 1986 as applied in relation to a relevant society by this Order; and

(b) “relevant provision” means provision in pursuance of section 112 of the 2014 Act (conversion of society into a company, amalgamation with a company etc) for conversion into a company, amalgamation with a company or a transfer of engagements to a company.

Modified application of section 126 of the 2014 Act

15. Section 126 of the 2014 Act (dissolution etc to occur only after society’s property dealt with) has effect in relation to a relevant society which is in administration as if in subsection (3) the reference to the liquidator included a reference to the administrator.”.

Schedule 1 (modified application of Parts 1 and 2 of the Insolvency Act 1986 to relevant societies)

5. In Schedule 1—

(a) in paragraph 1—

(i) in sub-paragraph (i) for “section 44(1) of the 1965 Act” substitute “section 30(1) of the 2014 Act”;

(ii) in sub-paragraph (k) for “the 1965 Act” substitute “the 2014 Act”;

(b) in paragraph 3(a) for “the Industrial and Provident Societies Acts 1965 to 1968” substitute “the 2014 Act”;

(c) in paragraph 5(b), in the subsections substituted for section 7A(3) of the Insolvency Act 1986(a) (“the 1986 Act”)—

(i) in subsection (3) for “section 74(1) of the Industrial and Provident Societies Act 1965 (“the 1965 Act”)” substitute “article 1(2) of the Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014”;

(a) Section 7A was inserted by the Insolvency Act 2000 (c. 39), Schedule 2, paragraphs 1 and 10.

- (ii) in subsection (3A) for “section 49 of the 1965 Act” substitute “section 106 of the Co-operative and Community Benefit Societies Act 2014”;
- (d) in paragraph 6(b), in the definition of “relevant society” inserted in paragraph 1 of Schedule A1 to the 1986 Act^(a) for “society which is registered under the Industrial and Provident Societies Act 1965 and” substitute “registered society (within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014) which”;
- (e) in paragraph 7, in paragraph 1A inserted in Schedule A1 to the 1986 Act—
 - (i) in sub-paragraphs (1) and (2) omit “is created by the society on or after 6th April 2014 and”;
 - (ii) in sub-paragraph (1)(a) for “section 1 of the Industrial and Provident Societies Act 1967” substitute “section 59 of the Co-operative and Community Benefit Societies Act 2014”;
 - (iii) in sub-paragraph (2)(a) for “section 4 of the Industrial and Provident Societies Act 1967” substitute “section 63 of the Co-operative and Community Benefit Societies Act 2014”;
- (f) in paragraph 12(b)(i) for “the 1965 Act” substitute “the 2014 Act”;
- (g) in paragraph 14, in the sub-paragraph substituted for sub-paragraph (3) of paragraph 15 of Schedule B1 to the 1986 Act for “section 3 of the Industrial and Provident Societies Act 1967” substitute “section 62 of the Co-operative and Community Benefit Societies Act 2014”;
- (h) in paragraph 18(a), in the sub-paragraphs inserted in paragraph 49 of Schedule B1 to the 1986 Act—
 - (i) in sub-paragraph (3A) for “sent to it for registration in accordance with section 10 of the Industrial and Provident Societies Act 1965” substitute “given to it for registration in accordance with section 16 of the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”)”;
 - (ii) in sub-paragraph (3B) for “the Industrial and Provident Societies Acts 1965 to 1968” substitute “the 2014 Act”;
 - (iii) in sub-paragraph (3C) for “registered under the Industrial and Provident Societies Act 1965” substitute “a registered society (within the meaning given by section 1(1) of the 2014 Act)”;
- (i) in paragraph 26 for “the Industrial and Provident Societies Acts 1965 to 1968” substitute “the 2014 Act”;
- (j) in paragraph 33, in the sub-paragraph substituted for sub-paragraph (4) of paragraph 96 of Schedule B1 to the 1986 Act for “section 3 of the Industrial and Provident Societies Act 1967” substitute “section 62 of the Co-operative and Community Benefit Societies Act 2014”;
- (k) in paragraph 34(b), in the definition of “relevant society” inserted in paragraph 111 of Schedule B1 to the 1986 Act for “society which is registered under the Industrial and Provident Societies Act 1965 and” substitute “registered society (within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014) which”;
- (l) in paragraph 38—
 - (i) in sub-paragraph (a)(i) for “the 1967 Act” substitute “Chapters 1 and 2 of Part 5 of the 2014 Act (charges over a society’s assets)”;

(a) Schedule A1 was inserted by the Insolvency Act 2000, Schedule 1, paragraphs 1 and 4; and was amended by the Enterprise Act 2002 (c. 40), Schedule 17, paragraphs 9 and 37, by the Financial Services Act 2012 (c. 21), Schedule 18, paragraphs 51 and 54, and by S.I. 2002/1555, 2004/2312, 2008/1897 and 2009/1941. There are other amendments not relevant to this Order.

- (ii) in sub-paragraph (b) for paragraphs (i) to (iii) substitute—
 - “(i) section 24 (maximum interest in a society’s withdrawable shares) and section 67 (registered society with withdrawable share capital not to carry on banking etc) of the 2014 Act;
 - (ii) paragraphs 6 to 8 of Schedule 3 to the 2014 Act (provision about maximum shareholding and maximum deposits for certain societies registered or treated as registered before 1st August 2014);
 - (iii) the provisions of Chapters 1 and 2 of Part 5 of the 2014 Act (charges over a society’s assets); and
 - (iv) the rules of the society which make provision in accordance with section 14 of the 2014 Act (content of a society’s rules) about maximum shareholding and borrowing powers;”;
- (m) in paragraph 40—
 - (i) in sub-paragraph (a) for “section 15 of the Friendly and Industrial and Provident Societies Act 1968(a)” substitute “section 100 (meaning of company being a “subsidiary” of a society) or section 101 (meaning of society being a “subsidiary” of another society) of the 2014 Act”;
 - (ii) in sub-paragraph (b) for “section 51 or 52 of the 1965 Act (as modified in relation to a relevant society by articles 14 and 15)” substitute “section 110 (transfer of engagements between societies) or section 112 (conversion of society into a company, amalgamation with a company etc) of the 2014 Act”.

Schedule 2 (modified application of Part 26 of the Companies Act 2006 to relevant societies)

6. In Schedule 2—

- (a) in paragraph 1,
 - (i) in sub-paragraph (f) for “section 44(1) of the 1965 Act” substitute “section 30(1) of the 2014 Act”;
 - (ii) in sub-paragraph (h) for “the 1965 Act” substitute “the 2014 Act”;
- (b) in paragraph 3, in the definition of “relevant society” inserted in section 895 of the Companies Act 2006(b) for “society which is registered under the Industrial and Provident Societies Act 1965 and” substitute “registered society (within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014) which”;
- (c) in paragraph 5, in the subsections inserted in section 900 of the Companies Act 2006, in subsection (4B)(a) for “the Industrial and Provident Societies Acts 1965 to 1968” substitute “the 2014 Act”; and
- (d) in paragraph 6, in the subsections inserted in section 901 of the Companies Act 2006, in subsection (1A) for “sent to it for registration in accordance with section 10 of the Industrial and Provident Societies Act 1965” substitute “given to it for registration in accordance with section 16 of the Co-operative and Community Benefit Societies Act 2014”.

Schedule 4 (modified application of insolvency rules in relation to relevant societies)

7. In Schedule 4—

- (a) in paragraph 2(a) for “the 1965 Act” substitute “the 2014 Act”;
- (b) in paragraph 9(a)—

(a) 1968 c. 55.
 (b) 2006 c. 46.

- (i) for “issued an acknowledgement under section 1(3) of the 1967 Act” substitute “gave an acknowledgement under section 59(4) of the 2014 Act”;
- (ii) for “section 1(2)” substitute “section 59(3)”;
- (c) in paragraph 19(b), in the sub-paragraph substituted for sub-paragraph (a) of Rule 2.49(5A) of the Insolvency Rules 1986(a) for “section 74(1) of the Industrial and Provident Societies Act 1965” substitute “article 1(2) of the Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014”;
- (d) in paragraph 41(a) for “issued under section 4(3) of the 1967 Act” substitute “given under section 63(4) of the 2014 Act”; and
- (e) in paragraph 51—
 - (i) in sub-paragraph (b), in the provisions substituted for paragraph (2) of Rule 2.41 of the Insolvency (Scotland) Rules 1986(b) (“the Rules”) in paragraph (2A)(b) for “section 255 of the Enterprise Act 2002(c)” substitute “section 118 of the Co-operative and Community Benefit Societies Act 2014”;
 - (ii) in sub-paragraph (d), in paragraph (6) added to Rule 2.41 of the Rules, in the definition of “relevant society” for “section 74(1) of the Industrial and Provident Societies Act 1965” substitute “article 1(2) of the Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014”.

Schedule 5 (application of other subordinate legislation with modifications)

8. In Schedule 5—

- (a) after paragraph 1 insert—

“Modified application of the Insurers (Reorganisation and Winding Up) Regulations 2004

- 1A.** The Insurers (Reorganisation and Winding Up) Regulations 2004(d) have effect in relation to a relevant society as if in regulation 2(3) (interpretation of references to the law of insolvency) the reference to the Co-operative and Community Benefit Societies Act 2014 included a reference to an order made under section 118 of that Act.”; and
- (b) in paragraph 3(2)(b), in paragraph (1A) inserted in article 2 of the Financial Services and Markets Act 2000 (Administration Orders Relating to Insurers) Order 2010(e) for “section 74(1) of the Industrial and Provident Societies Act 1965” substitute “article 1(2) of the Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014”.

David Evenett
Mark Lancaster

9th July 2014

Two of the Lords Commissioners of Her Majesty’s Treasury

I concur

Jo Swinson

Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs

9th July 2014

Department for Business, Innovation and Skills

(a) S.I. 1986/1925 as amended by S.I. 2003/1730 and 2010/686. There are other amendments not relevant to this Order.
 (b) S.I. 1986/1915 as amended by S.I. 2003/2111, 2006/734, 2008/662 and 2010/688. There are other amendments not relevant to this Order.
 (c) 2002 c.40. Section 255(1)(a) was repealed by the 2014 Act, section 151(4) and Schedule 7.
 (d) 2004/353 as amended by S.I. 2014/1815. There are other amendments not relevant to this Order.
 (e) S.I. 2010/3023.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014 (“the principal Order”) to take account of the Co-operative and Community Benefit Societies Act 2014 (c.14) (“the 2014 Act”), which comes into force on 1st August 2014. The 2014 Act consolidates certain enactments relating to co-operative societies, community benefit societies and other societies registered or treated as registered under the Industrial and Provident Societies Act 1965 (c. 12).

The meaning of “relevant society” is amended to take account of—

- the requirement that a new society, other than a credit union, is to be registered under the 2014 Act as a co-operative society or a community benefit society; and
- the meaning of “registered society” given by section 1(1) of the 2014 Act.

A registered society is a society, which may be a credit union, registered under the 2014 Act on or after 1st August 2014 or registered or treated as registered immediately before that date under the Industrial and Provident Societies Act 1965 Act.

Article 4 substitutes provision for the modified application to relevant societies in administration of provisions for the amalgamation of societies, transfer of engagements between societies and conversion into, amalgamation with, or transfer of engagements to a company. The substituted provision modifies sections 111 and 113 of the 2014 Act (special resolutions required for such transactions).

This Order makes further provision to take account of the repeal and re-enactment of the Industrial and Provident Societies Acts 1965 to 1968.

This Order makes two further amendments of the principal Order—

- article 5(e)(i) amends provision inserted in Schedule A1 to the Insolvency Act 1986 (c. 45) for the interpretation of references to a floating charge, so that provisions about a floating charge, including provision entitling the holder to appoint an administrator, apply in the case of a charge created by a society before, as well as on or after, 6th April 2014;
- article 8(a) inserts in Schedule 5 to the principal Order provision for the modified application of the Insurers (Reorganisation and Winding Up) Regulations 2004 (S.I. 2004/353).

A full impact assessment has not been produced for this instrument as no impact is foreseen on the costs of business or the voluntary sector.

© Crown copyright 2014

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty’s Stationery Office and Queen’s Printer of Acts of Parliament.

£6.00

UK2014070917 07/2014 19585

<http://www.legislation.gov.uk/id/uksi/2014/1822>

ISBN 978-0-11-111793-4



9 780111 117934