

### 3. CONSIDERATION OF CLAUSES

#### 3.1. Credit Unions (Amendment) Bill 2017 – Clauses considered

Mr Shimmins to move.

**The Speaker:** To Item 3, consideration of clauses and the Credit Unions (Amendment) Bill 2017. I call on Mr Shimmins to move.

**Mr Shimmins:** Thank you, Mr Speaker.

5 As indicated in the Second Reading, the Credit Unions (Amendment) Bill 2017 amends the Credit Unions Act 1993 so as to require credit unions to be licensed and subject to regulation under the Financial Services Act 2008.

The Bill also breaks the Credit Unions Act's reliance on the Industrial and Building Societies Act 1892, which I shall call the 1892 Act, by providing all credit unions, incorporations and constitutional matters under the Credit Unions Act. The Bill is in one part comprising 41 clauses.

10 Clause 1 provides for the short title of the Bill.

I beg to move that clause 1 stands part of the Bill.

**The Speaker:** Hon. Member for Douglas North, Mr Peake.

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**Mr Peake:** Thank you, Mr Speaker. I beg to second.

**The Speaker:** The question is that clause 1 stands part of the Bill. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.

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Clause 2, Mr Shimmins.

**Mr Shimmins:** Thank you.

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Clause 2 provides for the Bill's commencement. The Bill will come into operation on days specified in orders made by the Isle of Man Financial Services Authority, which I shall refer to as the FSA. Transitional and saving provisions are also provided for.

I beg to move that clause 2 stands part of the Bill.

**The Speaker:** Mr Peake.

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**Mr Peake:** Thank you, Mr Speaker. I beg to second.

**The Speaker:** The question is that clause 2 stands part of the Bill. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.

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Clause 3, Mr Shimmins.

**Mr Shimmins:** Thank you.

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Clause 3 states that the Credit Unions Act is amended in the manner specified in the succeeding clauses.

I beg to move that clause 3 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

45 **The Speaker:** The question is that clause 3 stands part of the Bill. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.  
Clause 4, Mr Shimmins.

**Mr Shimmins:** Thank you.

50 Clause 4 repeals and replaces the existing section 1. It provides for the incorporation under the Credit Unions Act of bodies corporate which are credit unions. This replaces the current arrangement by which societies are first incorporated under the 1892 Act and are then registered as credit unions under the Credit Unions Act.

In this way the proposed section 1 breaks the reliance of the Credit Unions Act on the 1892 Act. The proposed section 1 describes the common bond that is required of persons wishing to be members of any particular credit union.

55 It also sets out the objects, additional qualifications for admission to membership and other procedural requirements for incorporation of a credit union. A credit union's objects in draft section 1(4) differentiate it from other financial entities and include the promotion of thrift providing sources of credit at a reasonable rate, use of members' savings for their mutual benefit and educating members in the wise use of money.

The clause also provides that a credit union is a separate legal entity upon incorporation, but that it must obtain a licence under the Financial Services Act 2008 in order to carry on business.

I beg to move that clause 4 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

70 **The Speaker:** The question is that clause 4 stands part of the Bill. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.  
Clause 5, Mr Shimmins.

**Mr Shimmins:** Thank you.

75 Clause 5 repeals and replaces section 2 of the Credit Unions Act. It explains that society whose objects are wholly or substantially those of a credit union must be incorporated under the Credit Unions Act instead of under the 1892 Act. The proposed section 2 further provides that any registration or incorporation of such a society under the 1892 Act is void.

I beg to move that clause 5 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

85 **The Speaker:** The question is that clause 5 stands part of the Bill. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.  
Clause 6, Mr Shimmins.

**Mr Shimmins:** Thank you, Mr Speaker.

90 Clause 6 inserts into the Credit Unions Act the new sections 2A and 2B. Section 2A provides for appeals to court of summary jurisdiction in respect of decisions of the Department for Enterprise, formerly the Department for Economic Development which is referred to as the Department, and permits the court to confirm the decision of the Department or makes it such other direction or determination as it thinks fit.

95 Section 2B provides for appeals in respect of decisions made by the FSA in accordance of section 32 of the Financial Services Act 2008.

I beg to move that clause 6 stands part of the Bill.

**The Speaker:** Mr Peake.

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**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 6 stands part of the Bill. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.

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Clause 7, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 7 amends section 3 of the Credit Unions Act by deleting the reference to 'society' in subsection (1), as this term will be redundant in the amended Act. The clause also increases the maximum fine in subsection (2) for holding out as a credit union, from £2,500 to £5,000. The reference to the Industrial and Building Societies (Amendment) Act 1955 is removed from subsection (4) as that subsection will no longer be applicable to credit unions.

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I beg to move that clause 7 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 7 stands part of the Bill. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.

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Clause 8, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 8 repeals and replaces section 4 of the Credit Unions Act. The proposed section 4 is substantially similar to the existing one which relates to the rules of credit unions. The main change is to require rules or amendments to rules to be registered under the Credit Unions Act in order for them to be valid. The new section 4 describes how rules should be registered and provides for appeals against decisions not to register these. It also provides that the rules of a credit union must be made available to members of the public.

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I beg to move that clause 8 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 8 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 9, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 9 amends the Credit Unions Act by inserting a new section 4A, which relates to documents held by the Department.

The new section enables any person to inspect a copy of such a document and requires copies of specified documents to be certified by the Department, both on payment of a prescribed fee.

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Additionally, the clause provides that these certified copies should be considered of equal quality as the original documents and be admissible in evidence in all proceedings.

I beg to move that clause 9 stands part of the Bill.

**The Speaker:** Mr Peake.

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**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 9 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

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Clause 10, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 10 amends section 5 of the Credit Unions Act.

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The new subsection (1) permits bodies corporate and unincorporated societies to become members of credit unions. This is in addition to individuals, which are the only permitted members at present. However, bodies corporate and unincorporated societies may save with credit unions but may not borrow from them.

Clause 10 also qualifies the shares mentioned in section 5 as being ordinary shares, as opposed to deferred shares. Deferred shares are a concept that the Bill introduces into the Credit Unions Act.

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Additionally, clause 10 proposes that a member's maximum interest or savings in a credit union may be expressed as a percentage of a monetary amount instead of as a fixed amount. The maximum limit is currently £5,000.

Clause 10 also adds two new subsections.

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Subsection (10) limits members' liability in respect of deferred and ordinary shares.

Subsection (11) permits the FSA to make orders that amend provisions relating to the rules of a credit union as well as the maximum number of non-qualifying members of a credit union.

I beg to move that clause 10 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 10 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

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Clause 11, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 11 repeals and replaces section 6 of the Credit Unions Act in relation to the maximum number of members of a credit union.

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The new section 6 says the maximum number will be determined by the FSA and specified in the Financial Services Rule Book, which is made by the FSA. The minimum number of members is kept at 21.

I beg to move that clause 11 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 11 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

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Clause 12, Mr Shimmins.

**Mr Shimmins:** Thank you.

200 Clause 12 amends section 7 of the Credit Unions Act to enable the FSA to provide by order that credit unions may issue deferred shares in addition to ordinary shares, and to impose conditions relating to the issue of deferred shares. The clause requires that any such conditions must be specified in writing to the credit union or group of credit unions concerned.

205 The amendments also provide that ordinary shares are not transferable, whereas deferred shares are transferable.

I beg to move that clause 12 stands part of the Bill.

**The Speaker:** Mr Peake.

210 **Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 12 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 13, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 13 inserts two new sections into the Credit Unions Act, namely sections 7A and 7B.

220 Section 7A permits an adult member of a credit union to nominate a person or persons to receive property of theirs that is held by the credit union at the time of their death, subject to specified conditions and restrictions. The nomination is revocable, and credit unions are required to keep a register of all such nominations. In respect of such nominations, there is an exception to the prohibition on the transfer of ordinary shares.

225 Section 7B addresses a nominator's marriage or civil partnership, which automatically revokes a nomination in normal circumstances. Section 7B also sets out how the credit union may transfer the property to the nominees.

I beg to move that clause 13 stands part of the Bill.

**The Speaker:** Mr Peake.

230 **Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 13 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 14, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 14 repeals and replaces section 8 of the Credit Unions Act.

The proposed section 8 prohibits credit unions from accepting deposits from any person, with the term 'deposit' having the same meaning as in the Regulated Activities Order 2011.

240 Credit unions may accept savings from members, that is shareholders, but may not carry on the class 1 regulated activity of deposit taking. If the prohibition is contravened, this will not affect any civil liability arising in respect of the money placed with the credit union.

I beg to move that clause 14 stands part of the Bill.

245 **The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

250 **The Speaker:** The question is that clause 14 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 15, Mr Shimmins.

**Mr Shimmins:** Thank you.

255 Clause 15 repeals and replaces section 9 of the Credit Unions Act and enables persons under the age of 18 years to be members of a credit union unless the rules of the credit union provide otherwise.

Minors, being those under 18, may only save with the credit union and may not borrow. Also, minors cannot vote, be members of a committee, nor serve as a trustee, manager or treasurer of a credit union, although 16 to 18-year-olds may execute instruments.

260 I beg to move that clause 15 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

265 **The Speaker:** The question is that clause 15 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 16, Mr Shimmins.

**Mr Shimmins:** Thank you.

270 Clause 16 repeals and replaces section 10 of the Credit Unions Act and sets out a credit union's powers to borrow and invest money. Provision is made for detailed requirements on borrowing and investing to be specified by the FSA in the Financial Services Rule Book.

I beg to move that clause 16 stands part of the Bill.

275 **The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

280 **The Speaker:** The question is that clause 16 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 17, Mr Shimmins.

**Mr Shimmins:** Thank you.

285 Clause 17 repeals and replaces section 11 of the Credit Unions Act and inserts a new section 11A.

The proposed section 11 permits a credit union to make loans to adult members for provident and productive purposes, either with or without security and upon such terms as may be provided in the terms of the credit union.

290 The maximum term of the loan remains at five years if the loan is secured, and two years if it is unsecured.

As in the current Credit Unions Act, the maximum loan amount is £5,000 in excess of a member's total paid-up shareholding.

The maximum rate of interest remains at 1% per month on the loan amount outstanding, this rate to include administrative and other expenses.

295 The FSA is given the power to prescribe by order subject to Tynwald approval a different interest rate for loans, different maximum periods for loans and a different maximum loan amount.

300 Section 11A enables a member to request that a loan be treated as secured if their paid-up ordinary shareholding in the credit union exceeds their loan. This is subject to specified criteria relating to the borrower's liabilities.

I beg to move that clause 17 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 17 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 18, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 18 inserts a new section 12A into the Credit Unions Act which permits any body corporate to hold ordinary or deferred shares in a credit union if its constitutional documents permit this.

I beg to move that clause 18 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 18 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 19, Mr Shimmins.

**Mr Shimmins:** Thank you.

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Clause 19 repeals and replaces section 13 of the Credit Unions Act.

The proposed section 13 permits a credit union to change its name by special resolution with the written approval of the FSA and the Department. This is subject to specified conditions and restrictions and to the registration of the new name by the Department.

I beg to move that clause 19 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 19 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 20, Mr Shimmins.

**Mr Shimmins:** Thank you.

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Clause 20 repeals and replaces section 14 of the Credit Unions Act. The proposed section 14 requires credit unions to submit annual financial statements to the FSA and to the Department. It also requires credit unions to maintain general reserves. In addition, this section empowers a credit union to pay a dividend to its members. The provisions of the section are subject to detailed requirements as may be prescribed in the Financial Services Rule Book.

I beg to move that clause 20 stands part of the Bill.

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**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 20 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 21, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 21 repeals section 15 of the Credit Unions Act.

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I beg to move that clause 21 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

360 **The Speaker:** The question is that clause 21 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.  
Clause 22, Mr Shimmins.

**Mr Shimmins:** Thank you.

365 Clause 22 repeals and replaces section 16 of the Credit Unions Act with new provisions that also relate to protection of members' savings. The new provisions permit the Treasury to make regulations establishing a scheme for compensating savers and credit unions in cases where credit unions are unable or likely to be unable to satisfy any claims made against them. Such regulations are linked to the Financial Services Act 2008 provisions. They are subject to  
370 consultation with the FSC, amongst others, and they must be approved by Tynwald in order to come into operation. When all such regulations are in operation the section provides that the credit union may not be incorporated unless there are alternative arrangements in place that the FSA has approved.

I beg to move that clause 22 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

380 **The Speaker:** The question is that clause 22 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.  
Clause 23, Mr Shimmins.

**Mr Shimmins:** Thank you.

385 Clause 23 repeals and replaces section 17 of the Credit Unions Act and provides for inspection of the affairs of credit unions. The new section describes that an inspection is commenced on application to the court by the FSA or by a fifth of members of the credit union. It also says that the court may then either appoint inspectors for the purpose or call a special meeting of the credit union. Relevant procedural provisions are also included.

390 I beg to move that clause 23 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Thank you, Mr Speaker.

395 I beg to second.

**The Speaker:** The question is that clause 23 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.  
Clause 24, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 24 amends section 18 of the Credit Unions Act by deleting the reference to the 1892 Act and substituting a reference to the Financial Services Act 2008. The relevant section deals with powers to appoint an inspector into the affairs of a credit union.

405 I beg to move that clause 24 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

410 **The Speaker:** The question is that clause 24 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.  
Clause 25, Mr Shimmins.

**Mr Shimmins:** Thank you.

415 Clause 25 repeals and replaces section 19 of the Credit Unions Act and inserts a number of new sections, namely sections 19A, 19B, 19C, 19D and 19E.

The proposed section 19 sets out duties and obligations of credit unions, including the requirement for a registered office in the Island, that periodic statements of assets and liabilities must be prepared and audited by an auditor that is qualified to a standard specified in company law and that credit union members and creditors are entitled to receive copies of account statements.

Section 19A sets out additional duties and obligations of credit unions, which include a statement about the auditor's qualification as well as the duty to submit annual returns to the Department and to make them available for inspection by any member or interested person. Credit unions are also required to supply copies of annual statements to any member or interested person free of charge.

Section 19B creates offences in respect of information.

Section 19C addresses documents that credit unions are required to submit to the Department and specifies where they shall be deposited.

430 Section 19D sets out privileges of credit unions, including that a credit union is a limited liability body corporate with a separate legal personality from that of its members, which can sue and be sued in its own name. Additionally, a credit union may own property and it may recover money due to it from a member which constitutes a debt. Specific provisions relating to contracts on behalf of a credit union are also included.

435 Section 19E enables credit unions to charge appropriate fees for providing ancillary services to members such as issuing means of payment on their behalf.

I beg to move that clause 25 stands part of the Bill.

**The Speaker:** Mr Peake.

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**Mr Peake:** Mr Speaker, I beg to second.

**Mr Robertshaw:** Thank you, Mr Speaker.

445 Turning to the matter with regard to members being entitled to see certain information, might I assume that it will be adequate for that information to be provided online to reduce the costs for the credit union in paper terms?

**The Speaker:** Mr Shimmins to respond.

450 **Mr Shimmins:** Thank you, Mr Speaker and thank you to the Member for Douglas East for that question.

The method of receiving that information will be considered by the FSA in relation to a number of different factors. There is clearly a cost factor but there is also a need to be able to access that information timely. I am happy to come back to the Member with more information in due course, if he so wishes.

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**The Speaker:** The question is that clause 25 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 26, Mr Shimmins.

460 **Mr Shimmins:** Thank you.

Clause 26 repeals and replaces section 20 of the Credit Unions Act and addresses the winding up and dissolution of credit unions. It sets out the circumstances and the means for credit unions winding up or dissolution, including aspects of the procedure, and it sets out the consequences of winding up and dissolution.

465 I beg to move that clause 26 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 26 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 27, Mr Shimmins.

475 **Mr Shimmins:** Thank you.

Clause 27 inserts a new section, number 20A, which empowers the Department to order the disposal of valueless documents after dissolution. The Department must first consult with the FSA and a specified period must elapse before disposal.

I beg to move that clause 27 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

485 **The Speaker:** The question is that clause 27 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 28, Mr Shimmins.

**Mr Shimmins:** Thank you.

490 Clause 28 repeals and replaces section 21 of the Credit Unions Act. The proposed section 21 permits a credit union to amalgamate with or to transfer its engagements to or from another credit union. The transfer or amalgamation must be registered in order to take effect.

I beg to move that clause 28 stands part of the Bill.

495 **The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

500 **The Speaker:** The question is that clause 28 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 29, Mr Shimmins.

**Mr Shimmins:** Thank you.

505 Clause 29 repeals and replaces section 22 of the Credit Unions Act and expressly prohibits the conversion of a credit union into a company.

I beg to move that clause 29 stands part of the Bill.

**The Speaker:** Mr Peake.

510 **Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 29 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 30, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 30 repeals and replaces section 23 of the Credit Unions Act and expressly prohibits the conversion of a company into a credit union.

I beg to move that clause 30 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 30 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 31, Mr Shimmins.

**Mr Shimmins:** Thank you.

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Clause 31 amends section 24 of the Credit Unions Act. It addresses a credit unions accounts and requires that these be displayed to the public.

I beg to move that clause 31 stands part of the Bill.

**The Speaker:** Mr Peake.

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**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 31 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

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Clause 32, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 32 repeals section 25 of the Credit Unions Act which is related to undischarged bankrupts as equivalent provisions are in the proposed section 1.

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I beg to move that clause 32 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 32 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 33, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 33 amends section 26 of the Credit Unions Act by adding that transactions carried out by a credit union and that are permitted by the Credit Unions Act or the Financial Services Act 2008 do not constitute deposit taking business.

I beg to move that clause 33 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

565 **The Speaker:** The question is that clause 33 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 34, Mr Shimmins.

**Mr Shimmins:** Thank you.

570 Clause 34 repeals and replaces section 27 of the Credit Unions Act in relation to offences. The proposed section 27 specifies circumstances in which both a body corporate and an officer of that body corporate may be tried for committing an offence. It also provides for a general defence in connection with offences.

I beg to move that clause 34 stands part of the Bill.

575 **The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

580 **The Speaker:** The question is that clause 34 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 35, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 35 inserts sections 27A, 27B, 27C, 27D, 27E and 27F after the new section 27.

585 Section 27A provides that an offence is committed if a person holds themselves out to be a credit union and commences business without first being incorporated as a credit union. An offence is also committed if a credit union fails to file a required return or files are returned knowing it to contain false or misleading information. Section 27A also provides that the members of the committee of management are personally liable if a credit union issues shares in excess of the limits prescribed by the Credit Unions Act.

590 Section 27B makes it an offence to falsify documents such as a balance sheet of a credit union or a record of members' shares.

Section 27C makes officers of a credit union personally liable if they fail to use the name of the credit union in various documents, including cheques.

595 Section 27D provides for the recovery of penalties imposed under the Credit Unions Act, which may be recovered in a court of summary jurisdiction.

Section 27E provides for a fine of up to £2,500 per person on conviction of any offence for which the Credit Unions Act does not expressly provide a penalty in another section.

600 Section 27F makes provision for determination of disputes. The mechanisms provided include forms of alternative dispute resolution, the Department and the court, the latter of which is empowered to enforce an award.

I beg to move that clause 35 stands part of the Bill.

**The Speaker:** Mr Peake.

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**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 35 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

610 Clause 36, Mr Shimmins.

**Mr Shimmins:** Thank you.

615 Clause 36 repeals and replaces section 28 of the Credit Unions Act. The proposed section 28 contains additional provisions for the making of secondary legislation by the Department or by the FSA. The section addresses consultation requirements and specifies the relevant Tynwald

procedures as well as mandating that prescribed forms are to be made available on the website of the FSA, the Department or the Treasury, as may be appropriate. Regulations and orders made by the FSA are subject to Tynwald approval.

I beg to move that clause 36 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Thank you, Mr Speaker.

I beg to second.

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**The Speaker:** The question is that clause 36 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 37, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 37 amends section 29 of the Credit Unions Act by defining several new terms that the Bill introduces and by removing a few terms that are no longer relevant.

I beg to move that clause 37 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 37 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 38, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 38 amends section 30 of the Credit Unions Act by repealing the subsection that sites the 1892 Act as this is no longer relevant.

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I beg to move that clause 38 stands part of the Bill.

**The Speaker:** Mr Peake.

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**Mr Peake:** Mr Speaker, I beg to second.

**The Speaker:** The question is that clause 38 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 39, Mr Shimmins.

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**Mr Shimmins:** Thank you.

Clause 39 amends the Credit Unions Act by repealing Schedule 1 and replacing it with an unnumbered Schedule.

I beg to move that clause 39 stands part of the Bill.

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**The Speaker:** Mr Peake.

**Mr Peake:** Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 39 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 40, Mr Shimmins.

**Mr Shimmins:** Thank you.

Clause 40 repeals Schedule 2 to the Credit Unions Act as this is no longer relevant.

670 I beg to move that clause 40 stands part of the Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Thank you, Mr Speaker.

675 I beg to second.

**The Speaker:** The question is that clause 40 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 41, Mr Shimmins.

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**Mr Shimmins:** Thank you, Mr Speaker.

Prior to moving clause 41 I would like to take this opportunity to thank my seconder, Mr Peake (**A Member:** Hear, hear.) for all his help and also the officers at the FSA, Susan Woolard and colleagues, and in Treasury for all their hard work in pulling together this Bill which supports credit unions and their members now and in the future.

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I would also like to thank all the Members for their support today and sitting to help avoid any delays to this legislation. (**Two Members:** Hear, hear.)

Clause 41 makes consequential amendments to the Company and Business Names Etc Act 2012.

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I beg to move that clause 41 stands part of this Bill.

**The Speaker:** Mr Peake.

**Mr Peake:** Thank you, Mr Speaker, I beg to second.

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**The Speaker:** The question is that clause 41 stands part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Hon. Members, that concludes the consideration of clauses of the Credit Unions (Amendment) Bill 2017.