

CREDIT UNIONS BILL 1986

(NAME OF BILL)

CONTENTS

Bill
Objects and Reasons
Notice of Presentation
(Covering letter from Minister to Clerk to Parliament
(Authorisation from Minister of Finance under s 60 of Constitu-
tion)

✓ FROM

Attorney General's Chambers

6/5/86

✓ TO

Minister

(for signing Objects & Reasons, Notice of Presentation
and covering letter to Clerk)

12/5/86

✓ TO

Minister of Finance

(for signing of letter to Clerk signifying Cabinet approval
under s 60 of Constitution)

12/5/86

✓ TO

Clerk to National Parliament

(for certificate by Speaker)

13/5/86

✓ TO

Attorney General's Chambers

(for printing)

✓ TO

Clerk to National Parliament

(for reference during 1st, 2nd and 3rd Readings)

(Date passed 11/6/86 Act No. 1/86)

Foodrady
CNP

11/6/86

✓ TO

Attorney General's Chambers

(for checking before Assent)

2/6/86

✓ TO

Governor General

(for Assent)

B. A. ... 2/7/86

✓ TO

Clerk to National Parliament

(for distribution)

- 2 copies Attorney General's Chambers
- 1 copy Ministry
- 1 copy Parliament Office

Registrar of the High Court



CREDIT UNIONS ACT 1986

NO. 1 OF 1986



CREDIT UNIONS ACT 1986

NO. 1 OF 1986

Passed by the National Parliament this eleventh day of June 1986.

This printed impression has been carefully compared by me with the Bill passed by Parliament and found by me to be a true and correct copy of the said Bill.

M. Fuhaika
Clerk to the National Parliament

Assented to in Her Majesty's name and on Her Majesty's behalf this second day of July 1986.

B. Devesi
Governor-General

Date of commencement: see section 1.

AN ACT to regulate the operation of credit unions in Solomon Islands and to provide for other matters connected therewith or incidental thereto.

ENACTED by the National Parliament of Solomon Islands.

5

PART IV
AMALGAMATION

26. Procedure for amalgamation.
27. Transfer of liabilities etc. to credit union formed by amalgamation.
28. Disputes as to assets and liabilities.

PART V
RIGHTS AND LIABILITIES OF MEMBERS

29. Capital liability of members.
30. Restriction of membership.
31. Exercise of rights.
32. Membership.
33. Withdrawal of membership.
34. Expulsion of member.
35. Payments upon death, withdrawal or expulsion of member.
36. Effect of expulsion or withdrawal.
37. Officers not to withdraw or transfer shares.

PART VI
PROPERTY AND FUNDS OF CREDIT UNION

38. Share capital.
39. Transfer of shares.
40. Investment of funds.
41. Borrowing powers.
42. Deposits.
43. Limit of borrowing.
44. Loans to members.
45. Reserve Fund.
46. Entrance fees.
47. Disposal of surplus.

PART VII
AUDIT AND INVESTIGATION

48. Audit.
49. Books of accounts.
50. Power of Registrar to inspect books.
51. Investigation.

PART VIII
ORGANISATION AND MANAGEMENT

52. Meetings.
53. Election of directors and committees.
54. Appointment of officers.
55. Remuneration.
56. Returns to Registrar.
57. Duties of directors.
58. Jurisdiction of credit committee.
59. Security of loans.
60. Restrictions.
61. Prohibitions.
62. Interest rate.
63. Duties of supervisory committee.
64. Borrowing powers.
65. Appointment of manager and other employees.

PART IX
THE LEAGUE OF CREDIT UNIONS

66. League of credit unions.
67. Purpose.
68. Duties.
69. Organisation of league.
70. Powers.
71. Supervisory committee of the league.
72. Functions of supervisory committee.

PART X
DISSOLUTION

73. Dissolution.
74. Effect of cancellation of registration.
75. Appointment of liquidator.
76. Liquidator's powers.
77. Powers of Registrar to control the liquidation.
78. Enforcement of order.
79. Limitation of jurisdiction of civil court.
80. Effect of liquidation.



PART XI
MISCELLANEOUS

- 81. Prohibition of the use of the word "credit union".
- 82. Fraud or misappropriation.
- 83. Penalties non-compliance.
- 84. Regulations.
- 85. Exemptions.
- 86. Transitional and savings.

- SCHEDULES:
- 1. Memorandum of Association
 - 2. Certificate of Incorporation



PART I
PRELIMINARY

Short title and
commencement.

1. This Act may be cited as the Credit Unions Act 1986 and shall come into operation on such date as the Minister may, by notice published in the Gazette appoint.

Inter-
pretation.

2. In this Act, unless the context otherwise requires -
- “by-laws” means the standard by-laws and includes the registered supplementary by-laws;
 - “credit committee” means the committee elected by the members under the by-laws to consider and approve loans;
 - “credit union” means a co-operative, non-profit organisation registered under section 8 having as its objectives the principles set out in section 15 of this Act;
 - “dividend” means a share of the surplus or the bonus declared by a credit union divided among its members in proportion to the number of shares held by them;
 - “board of directors” means the body elected by the members to manage the affairs of the credit union;
 - “interest” means the charge levied on loans made to members, which may not exceed the maximum fixed by regulations made under this Act;
 - “league” means the body recognised as the parent body of credit unions and registered in accordance with section 66 of this Act;
 - “member” means a person who joins a registered credit union in accordance with its by-laws;
 - “officer” means the Chairman, secretary, manager, a member of the board of directors, the supervisory committee, the credit committee and includes any other person empowered under this Act or the by-laws to give directions relating to the business of a credit union;
 - “Registrar” means the Registrar of Credit Unions appointed pursuant to section 3 of this Act;
 - “standard by-laws” means the by-laws prepared by the Registrar and approved by the Minister under section 18 of this Act;
 - “supervisory committee” means the respective committees elected by credit unions or the league of credit unions, as the case may be; and
 - “Supplementary by-laws” means ancillary by-laws of a credit union registered with the Registrar but does not include the standard by-laws.



PART II
REGISTRATION

3. (1) There may be appointed -
 (a) a Registrar of credit unions; and
 (b) such other officers as may be necessary for the due administration of this Act.
 (2) Any appointment made under subsection (1) shall, if the person appointed is to be a public officer, be made pursuant to the Constitution, but otherwise shall be made by the Minister.
 (3) The Registrar so appointed, shall, subject to the provisions of this Act, and such instructions he may from time to time receive from the Minister administer this Act and perform all the functions assigned to him by or under this Act.

Appointment of Registrar and other officers.

4. The Registrar shall keep a register of all credit unions registered under this Act.

Register to be kept.

5. (1) Subject to the provisions of this Act, any fifteen or more persons resident in Solomon Islands who desire to associate themselves together as a credit union for the objects set forth in this Act, may, in the presence of a witness, sign in duplicate a memorandum of association, and cause it to be filed in the Office of the Registrar. Such memorandum of association, printed or typed, shall be in the form in the First Schedule and there shall be attached to the memorandum -
 (a) an affidavit verifying the signatures to such memorandum;
 (b) a copy of the supplementary by-laws;
 (c) the fees prescribed by regulations; and
 (d) a copy of a report of the preliminary meeting referred to in section 7.

Memorandum of association.

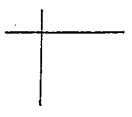
First Schedule.

6. The memorandum of association shall state -
 (a) the name of the credit union;
 (b) the group of persons to whom membership shall be limited;
 (c) the address in Solomon Islands at which the registered office of the credit union is to be situated;
 (d) the par value of its shares;
 (e) the names and addresses of the subscribers to the memorandum, the number of shares subscribed by each and the qualification of each within the group to which membership is limited.

Contents of memorandum.

7. On completion of the signing of the memorandum of association referred to in section 5, the credit union shall hold a preliminary meeting

Preliminary meeting.



	<p>for the purpose of deciding the following matters -</p> <ul style="list-style-type: none"> (a) the supplementary by-laws of the credit union; (b) completion of the application for registration; and (c) election of the Board of Directors.
Registration.	<p>8. (1) Where the Registrar is satisfied that the credit union has complied with the provisions of the Act, and the regulations, he may register the credit union and its by-laws and issue a certificate of incorporation as set out in the Second Schedule.</p>
Second Schedule.	<ul style="list-style-type: none"> (2) Where the Registrar refuses to register a credit union, he shall -
	<ul style="list-style-type: none"> (a) inform the applicant in writing of the reason for the refusal; and (b) return the fee paid. <p>(3) An appeal shall lie to the Minister within one month against the refusal of the Registrar to register any credit union.</p>
Incorporation of credit union with limited liability.	<p>9. The registration of a credit union shall render it a body corporate by the name under which it is registered and with limited liability to which the provisions of Part VII of the Interpretation and General Provisions Act 1978 shall apply.</p>
Evidences of registration Second Schedule.	<p>10. A certificate of registration of a credit union, signed by the Registrar, shall be presumptive evidence that the credit union named in the certificate is registered.</p>
Publication of registration.	<p>11. The Registrar shall cause the registration of a credit union to be published in the Gazette.</p>
Register of credit unions.	<p>12. (1) The Registrar shall keep a register of credit unions, wherein he shall enter particulars of the registration of credit unions, the respective supplementary by-laws, and of any changes in the status of credit unions.</p>
	<p>(2) All entries in the register of credit unions shall be signed by the Registrar.</p> <p>(3) The Register of Credit Unions shall be open to inspection, on payment of the prescribed fee to the public during normal hours of business.</p>
Registrar to forward certificate of registration etc.	<p>13. (1) When a credit union has been registered, the Registrar shall send to the credit union -</p> <ul style="list-style-type: none"> (a) a certificate of incorporation as required under subsection (1) of section 8; (b) a copy of the supplementary by-laws as registered, certified by him;

- (c) a copy of the standard by-laws; and
- (d) a copy of this Act and regulations.

(2) The Registrar may charge from the credit union the cost incurred in supplying the items referred to in paragraphs (b), (c) and (d) of subsection (1).

14. No credit union shall be registered under a name identical with that by which any other existing credit union has been registered, or so nearly resembling that of another as to be likely to deceive and the words "credit union" shall form part of the name with the word "limited" being the last word in the name of every credit union.

Restriction of name.

PART III
OBJECTS, DUTIES AND POWERS OF CREDIT UNIONS

15. The objects of a credit union shall be -
- (a) to promote thrift among its members;
 - (b) to create a source of credit at fair and reasonable rate of interest primarily for provident and productive purposes;
 - (c) to receive the savings of its members either as payment, shares or deposits; and
 - (d) to provide an opportunity for its members to use and control their own money in order to improve their social and economic well-being.

Objects.

16. Any act of a credit union subsequent to registration shall not be invalidated by a defect in the registration procedures.

Defects in registration.

17. (1) Every credit union registered under the provisions of this Act shall be a member of the credit union league and be subject to its supervision.

Credit Union to be members of league.

(2) A credit union may, with the approval of the Registrar be a member of another credit union.

18. (1) The Registrar shall prepare and submit for approval by the Minister standard by-laws not inconsistent with the provisions of this Act, which shall subject as hereinafter provided apply to every credit union registered under this Act.

By-laws.

(2) The Registrar shall supply a copy of the standard by-laws to any person bona fide applying therefore for any purpose relating to a credit union or the proposed formation of a credit union.

(3) A credit union may by a two-thirds vote of the members present at an annual general meeting called for the purpose, make by-laws for

Address of the credit union.	<p>the credit union to be known as supplementary by-laws, but such by-laws shall not be of any effect until the same has been approved by the Registrar.</p> <p>(4) Where the Registrar refuses to register a supplementary by-law or any amendment thereto, the credit union may within one month from the date of receipt of the notice or refusal appeal to the Minister.</p>
Register of members.	<p>19. Every credit union shall have an address to which all notices and communications shall be sent and any change in that address shall be notified to the Registrar.</p> <p>20. (1) Every credit union shall keep a register of members wherein shall be entered -</p> <ul style="list-style-type: none"> (a) the name and address of every member, and the number of shares held by each; (b) the date on which the member joined the credit union; and (c) the date on which the member ceased to be a member, where applicable. <p>(2) The register of members shall be prima facie evidence of the particulars entered in it.</p>
Documents open to inspection.	<p>21. Every credit union shall keep open to inspection free of charge at all reasonable times, at its registered address -</p> <ul style="list-style-type: none"> (a) a copy of this Act and the regulations; (b) a copy of the standard by-laws and supplementary by-laws of the credit unions; and (c) the register of members.
Debts by members.	<p>22. (1) All moneys payable to a credit union by a member shall be a debt due from him to the credit union and shall be recoverable as such in any court of competent jurisdiction.</p> <p>(2) The credit union shall have a lien on the shares and deposits of a member, past member or deceased member, for any sum due from him to the credit union and for any loan endorsed by him.</p>
Shares or dividends not liable to attachment.	<p>23. (1) The share or dividend of a member in the capital of a credit union shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member and subject to subsection (2), a trustee in bankruptcy shall have no claim on such share or dividend.</p> <p>(2) Where a credit union is dissolved the shares of any member who has been adjudicated bankrupt shall vest in the trustee in bankruptcy.</p>

24. On the death of a member, a credit union may transfer the share, dividends or deposits of a deceased member to the persons who are entitled to inherit the same according to law in such amounts as may be ascertained from the books of the credit union.

Transfer of interest on death of a member.

25. No person shall be a member of a credit union unless he -
 (a) is at least sixteen years of age; and
 (b) is by virtue of his occupation, or place of resident a member of a group of persons to whom membership of the credit union is limited under the provisions of section 6(b).

Qualifications for membership.

PART IV
 AMALGAMATION

26. Two or more credit unions may be amalgamated as one credit union, where notice in writing of the consent of the Registrar to the amalgamation has been posted at the registered office of each of the credit unions, party to the amalgamation, and in every branch thereof for a period of not less than fourteen days.

Procedure for amalgamation.

27. (1) All deeds, bonds, agreements and instruments to which any credit union that is amalgamated with any other credit union was a party that are subsisting at the time of the amalgamation shall be of as full force and effect against or in favour of the credit union formed by the amalgamation as if, instead of such credit union, the credit union so formed had been named therein or had been a party thereto.

Transfer of liabilities etc. to credit union formed by amalgamation.

(2) Where, in respect of any credit union that has amalgamated with any other credit union, any proceedings or cause of action was pending or existing or existed at the time of amalgamation, the same may be continued or enforced by or against the credit union formed by the amalgamation as it might have been continued or enforced by or against such credit union if the amalgamation had not taken place.

28. In the event of any dispute arising concerning the assets or liabilities of any credit union amalgamating with another credit union, such dispute shall be referred to a referee appointed by the Registrar for the purpose, in which event the decision shall be final and conclusive.

Disputes as to assets and liabilities.

PART V
RIGHTS AND LIABILITIES OF MEMBERS

Capital liability of members.

29. (1) The liability of members for the debts of the credit union shall be limited to the amount unpaid on the number of shares agreed to be taken up.

(2) The liability of a past member for the debts of a credit union shall be limited to those incurred before his expulsion or withdrawal from the credit union, or his death, and shall continue for one year from the date of his withdrawal or expulsion from the credit union, or his death.

Restriction of membership.

30. No person shall without the prior written permission of the Registrar be a member of more than one credit union.

Exercise of rights.

31. (1) No member of a credit union shall exercise the rights of a member until he has paid for the minimum number of shares stated in the by-laws.

(2) No member may be elected as a director, or as a member of the credit committee, or the supervisory committee until he has attained the age of eighteen years.

Membership.

32. The election and admission of members and their voting rights, shall be as prescribed in the by-laws.

Withdrawal of membership.

33. A member may withdraw from a credit union at any time on giving such notice of withdrawal as may be required in the bye-laws.

Expulsion of member.

34. (1) The board of directors may by two-thirds vote, at a meeting duly called, expel a member from the credit union.

(2) The Secretary shall within five days from the date on which the member is expelled, notify him in writing of the action of the board of directors.

(3) An appeal from the action of the board of directors may be taken by the member at the next general meeting of the credit union:

Provided that written notice of intention to appeal shall be given by him to the secretary within thirty days from the date of receipt of the notice mentioned in subsection (2).

(4) At such meeting a majority of members present may confirm or rescind the action of the board of directors.

(5) The expulsion of a member shall take effect -

(a) where no notice of appeal has been given within the time for appealing, upon the expiration of such time;

(b) where an appeal has been made, upon the date of confirmation or rescission by the members of the general meeting.

Format for: C

35. All amounts paid in on shares or as deposits by a member who is expelled or withdraws from the credit union or who dies and any related dividends or interest shall be paid to him, or in the case of death to his personal representative as funds become available and after deducting all amounts due from him to the credit union. Any shares paid pursuant to this section shall for the purpose of section 29, be deemed to have been withdrawn by notice given on the date of such expulsion, withdrawal or death, as the case may be.

Payment upon death, withdrawal or expulsion of member.

36. A member who is expelled or withdraws shall have no further rights in the credit union but shall not, by such expulsion or withdrawal, be released from any remaining liability to the credit union.

Effect of expulsion or withdrawal.

37. No member entrusted with or participating in the direct management of the affairs of the credit union shall withdraw or transfer or otherwise dispose of his shares, during the exercise of his functions. In the case of insolvency of the credit union any such withdrawal or transfer made by him within four months preceding such insolvency shall be null and void. Such member shall remain liable to creditors of the credit union to the extent of such shares so disposed of or transferred.

Officers not to withdraw or transfer shares.

PART VI PROPERTY AND FUNDS OF CREDIT UNION

38. (1) The share capital of a credit union shall consist of a number of shares not less than two dollars each in value.

Share capital.

(2) The manner of acquiring and the number of shares to be held by members shall be as stated in the by-laws.

39. (1) Subject to the provisions of this section and to the by-laws, shares may be assigned, transferred or withdrawn by a member.

Transfer of shares.

(2) Shares may only be assigned or transferred to a member of the credit union.

(3) No assignment, transfer or withdrawal shall be valid unless approved by the board of directors and the transfer thereafter entered in the register.

(4) If a member wishes to transfer his shares to a person who is not a member, the transferee shall first be admitted as a member in accordance with the by-laws and the transfer thereafter entered in the register.

40. For the purpose of carrying out its objects, a credit union may, subject to the provisions of this Act, invest or deposit its funds -

Investment of funds.

(a) with any licensed bank in Solomon Islands; |

	(b) with any other credit union; or (c) in any other way as approved by the Registrar.
Borrowing powers.	41. A credit union may borrow moneys from persons or institutions, subject to the limit imposed by section 43.
Deposits.	42. A credit union may accept deposits from members either as savings or as contributions towards shares.
Limit of borrowing.	43. Every credit union shall, at its annual general meeting, fix subject to the provisions of section 64, the maximum liability it may incur in loans.
Loans to members.	44. Subject to the provisions of this Act and of the by-laws, a credit union may grant loans to members for productive and provident purposes.
Reserve Fund.	45. (1) Subject to the provisions of subsection (2), a minimum of ten per centum of the gross income, as stated in the audited report submitted in accordance with section 48 shall be transferred to the Reserve Fund of the credit union established for that purpose, and such sum may - (a) be invested in accordance with section 40; or (b) be utilised to meet bad loans or losses other than operating deficits. (2) Transfer to the Reserve Fund may cease when the Reserve Fund is equal to fifty-five per centum of the sum of the share capital and members deposits for the time being.
Entrance fees.	46. An entrance fee as prescribed under the by-laws may be charged by the credit union for the admission of new members.
Disposal of surplus.	47. (1) The net surplus remaining after the transfer effected under section 45 and meeting operational expenditure for the year, may, with any surpluses from previous years be paid as dividend on shares but shall not exceed the rate prescribed by regulations. (2) The dividend paid on shares pursuant to subsection (1) may be by transfer to member's share capital.
Audit.	48. (1) The accounts of every credit union shall be audited once in every year by an auditor authorised by the Registrar and approved by the supervisory committee.

PART VII
AUDIT AND INVESTIGATION

(2) For the purpose of subsection (1), an auditor shall have the same functions and rights as an auditor of a company under section 156 of the Companies Act.

(3) On completion of the audit the auditor shall forward a report to the Registrar who shall cause such report to be forwarded to the supervisory committee and the credit union league.

49. The Registrar may prescribe the books and records that should be kept by credit unions.

Books of accounts.

50. The Registrar or any person authorised by the Registrar shall have access to all the documents, cash and securities of a credit union, and every officer of a credit union shall provide such information relating to the business of the credit union as the person making the inspection may require.

Power of Registrar to inspect books.

51. (1) Where the Registrar-

(a) has reason to believe -

- (i) that a credit union is unable to meet its obligations or has made default in complying with any provisions of this Act; or
- (ii) that an offence under this Act, the regulations or the by-laws of a credit union has been or is likely to be committed by a credit union or any member; or
- (iii) that the interests of the members of a credit union are otherwise in danger; or

(b) receives a requisition signed and supported by an affidavit by not less than one quarter of the members of a credit union, that an investigation be held into the affairs of a credit union; or

(c) receives a requisition signed and supported by an affidavit by a majority of the members of the board of directors or by the supervisory committee; or

(d) receives a petition from the league of credit unions in accordance with the provisions of section 70(e) recommending dissolution, or an investigation,

he may, after consultation with the Minister and after giving the credit union a reasonable opportunity of making representations, investigate or order an investigation by any person.

(2) Where the Registrar receives a written direction from the Minister to investigate the affairs of a credit union he shall carry out such investigation, and shall make a report thereon in writing to the Minister.

(3) The Registrar may, before ordering an investigation upon a requisition made under paragraphs (b) and (c) of subsection (1), require the

Investigation.

persons making the requisition to furnish security in such amount as he considers sufficient to meet the expenses that may be incurred by the credit union and the Registrar in respect of the investigation.

(4) A report of the investigation made under subsection (1), shall be made in writing and copies sent to the board of directors, the supervisory committee, and in the case of an investigation conducted pursuant to a requisition made under paragraph (b) of subsection (1) to such members.

(5) Where, after considering a report made under this section, the Registrar is of the opinion that a requisition under paragraphs (b) or (c) of subsection (1) has been without reasonable cause, he may order that the whole or any part of the amount furnished as security under subsection (3) be forfeited and paid to the credit union and the Registrar in order to defray the respective costs incurred by them.

(6) When an investigation is made under subsection (1) or (2) of this section, section 161 of the Companies Act shall apply as they apply to an investigation made under section 160 of the Companies Act.

(7) If, as a result of a report of an investigation made under subsection (1) or (2), the Registrar considers that it is necessary in the interests of the members that the registration of the credit union be cancelled, the Registrar may, after giving the credit union a reasonable opportunity of making representations with the approval of the Minister wind up the credit union, in which case the provisions of Part X of this Act shall apply.

(8) Any officer or person who obstructs any investigation that is being conducted under this part shall be guilty of an offence and be liable to a fine of two hundred dollars or to a term of imprisonment of six months or to both such fine and imprisonment.

PART VIII

ORGANISATION AND MANAGEMENT

Meetings.

52. (1) There shall be an annual general meeting of the credit union at such time as the by-laws may provide.

(2) Special general meetings may be called in the way and manner provided for in the by-laws.

(3) The procedure and nature of business at the meetings shall be as the by-laws may provide.

Election of directors and committees.

53. (1) At the first annual general meeting the credit union shall elect a board of directors of not less than five members, a credit committee of not less than three members and a supervisory committee of three members.

(2) One half of the members of the board and of each of the committees aforesaid shall go out of office in each year and their successors shall be elected at the annual general meeting. Where the number of members of the board or of either of the committees aforesaid is not evenly divisible by two, the number of members of the board or of such committee to go out of office shall be half the number next below the number of members of the board or committee.

(3) The members of the board or a committee to go out of office shall be those members who have been longest in office without re-election and in the case of equality shall be determined by ballot.

(4) Any retiring member shall be eligible for re-election.

(5) No director or member of the credit committee shall be a member of the supervisory committee.

54. At their first meeting, which shall be held within thirty days after their election or at any subsequent meeting in the event of a vacancy among the officers, the board of directors shall appoint from their own number a president and a vice-president, and shall appoint a secretary and a treasurer or a secretary-treasurer, who may not be a director.

Appointment of officers.

55. No member of the board of directors or of the credit committee or supervisory committee shall, as such receive remuneration, but the secretary and the treasurer or the secretary-treasurer may be paid such salaries as the board of directors may determine from time to time.

Remuneration.

56. A record of the names and addresses of the directors, the members of the committees and of the officers shall be filed with the Registrar within thirty days after election or appointment.

Returns to Registrar.

57. Subject to the provisions of this Act, the directors shall have the general management of the affairs of a credit union and in particular shall -

Duties of directors.

- (a) act on applications for membership and on the expulsion of members;
- (b) determine the maximum individual share holdings and the maximum individual loans which may be made with or without security;
- (c) determine interest rates on loans and deposits;
- (d) declare dividends;
- (e) fix the form and amount of the security which shall be required from officers and employees handling money;
- (f) fill casual vacancies in the board of directors and in the credit committee until the election of successors at the next annual general meeting; and

Jurisdiction of credit committee.	<p>(g) perform such other duties as are required by this Act, regulations or the by-laws.</p>
	<p>58. (1) The credit committee shall have the general supervision of all loans to members and subject to any general order of the board and the provisions of this Act, shall fix the amount of, and rate of interest on, each loan.</p> <p>(2) The credit committee shall not consider any loan unless a majority of the committee is present and no loan shall be approved except by the unanimous decision of the members present.</p> <p>(3) A credit committee may delegate its functions to a loan officer to be appointed by the committee. Such loan officer may grant loans of amounts not exceeding the amount prescribed by regulations subject to and in accordance with any directions given to him by the credit committee, upon the security of the unencumbered shares of any member or members of the same credit union.</p> <p>(4) Where a loan officer has made a loan not in accordance with the provisions of subsection (3) or of any written directions given to him by the credit committee, the loan officer shall be personally liable to refund to the credit union the amount of such loan, which shall be deemed to be a debt due by him thereto.</p>
Security of loans.	<p>59. (1) The credit committee shall require security to be given on all loans in excess of an amount to be fixed by the Registrar.</p> <p>(2) The credit committee shall determine the security and guarantors required for each loan and the conditions of repayment.</p>
Restrictions.	<p>60. No director, officer or member of the credit or supervisory committee shall be allowed to borrow in excess of the value of his shares and deposits except upon the unanimous vote of a majority of the supervisory committee, sitting together, the said director, officer or member not being present when the vote is taken.</p>
Prohibitions.	<p>61. No credit union shall lend money to or accept deposits from any person who is not a member of the credit union.</p>
Interest rate.	<p>62. The rate of interest on any loan made by a credit union shall be in accordance with the regulations.</p>
Duties of supervisory committee.	<p>63. The supervisory committee shall -</p> <p>(a) make an examination of the affairs of the credit union at least quarterly and audit the books as it deems necessary;</p>

- (b) where the circumstances warrant call a special meeting to consider any matter reported to it by the credit committee;
- (c) make or provide for an annual audit and submit a report thereon to the annual general meeting;
- (d) fill causal vacancies in its own membership until the next annual general meeting and successors are chosen;
- (e) call a special meeting to consider any matter or matters, which in their opinion, should be placed before the credit union.

64. (1) Subject to the provisions of this section, a credit union may borrow moneys for the carrying out of its objects and functions.

(2) A credit union shall not borrow any money so that the total indebtedness of the credit union in respect of borrowings exceeds fifty per centum of the sum of the deposits and the paid up value of the issued capital.

(3) No money shall be borrowed by a credit union save upon a resolution by the directors.

(4) Where any borrowing would make the total indebtedness of the credit union in respect of borrowings exceed twenty-five per centum of the sum of the deposits, and the paid up value of the issued capital, the resolution of the directors to borrow such money shall require confirmation, either by a vote of not less than three-quarters of the members present at a general meeting duly called for considering such resolution or by the unanimous sanction in writing of the members of the credit union.

65. The board of directors may appoint a manager and other employees on such remuneration as it thinks fit.

Borrowing powers.

Appointment of manager and other employees.

PART IX
THE LEAGUE OF CREDIT UNIONS

66. (1) The league of credit unions subsisting or in operation at the time of the commencement of this Act (hereinafter referred to as the "league") shall be registered by the Registrar as the parent body of the credit unions.

(2) All credit unions registered under this Act, shall be members of the league, and shall contribute such sums towards the maintenance of the league, as the board of directors may with the approval of the Registrar determine.

67. The purpose of the league shall be to provide guidance, promote and protect the common interest of credit unions.

League of credit unions.

Purpose.

Duties.	<p>68. The duties of the league shall be -</p> <ul style="list-style-type: none"> (a) to organise new credit unions and to protect their interest for future growth; (b) to supervise and assist credit unions in the proper conduct of their business; (c) to provide leadership training for credit unions; (d) to operate as a supply depot for operating forms and other material for credit unions; and (d) to exercise general supervision and provide guidance to credit unions.
Organisation of league.	<p>69. (1) The league shall have a board of directors who shall be responsible for the administration and management of the affairs of the league.</p> <p>(2) The board of directors shall employ such staff on such terms as it deems fit.</p> <p>(3) The league shall conduct its business in the manner provided in its by-laws.</p>
Powers.	<p>70. The board of directors shall have the following powers -</p> <ul style="list-style-type: none"> (a) to adopt or amend the by-laws of the league; (b) with the approval of the Registrar determine the dues and the method of levying such dues from credit unions; (c) to verify and approve the budget and operational plans of the league; (d) to determine the general policies of the league; and (e) to petition the Registrar calling for an investigation of the affairs of a credit union or recommend the dissolution of a credit union.
Supervisory committee of the league.	<p>71. (1) The board of directors shall appoint a supervisory committee who shall be charged with responsibility for the supervision of the affairs of the league.</p> <p>(2) The supervisory committee shall consist of such members as provided for in its by-laws.</p> <p>(3) The supervisory committee shall conduct its business in the manner provided in its by-laws.</p>
Functions of supervisory committee.	<p>72. (1) The functions of the supervisory committee shall be -</p> <ul style="list-style-type: none"> (a) to examine the books, records and accounts of the league; and (b) to conduct periodic checks of the cash and securities of the league. <p>(2) The supervisory committee may where it considers it necessary call a special general meeting of the members.</p>

PART X
DISSOLUTION

73. (1) Subject to the approval of the Minister, the Registrar may by order, cancel the registration of a credit union -
- (a) after holding an investigation under section 51;
 - (b) if it is proved to his satisfaction that the number of members, is less than fifteen;
 - (c) if satisfied that the incorporation of the credit union was obtained by fraud or mistake; or
 - (d) which after notice by the Registrar has wilfully violated any provisions of the Act, regulations or by-laws.
- (2) Any member of a credit union may within two months of the cancellation, appeal against the cancellation to the Minister.
- (3) The order cancelling the registration shall take effect -
- (a) where no appeal is made, two months from the date of the order;
 - (b) where an appeal is made, from the date of the confirmation of the cancellation.
- (4) Where the Registrar makes an order cancelling the registration of a credit union, he may also make an order for the safe custody of the documents and securities and for the protection of the assets of the credit union. In such case the Registrar shall publish notice thereof in the Gazette, whereupon the credit union shall be dissolved.
74. A credit union whose registration has been cancelled shall, from the date of publication in the Gazette of the notice of cancellation, absolutely cease to enjoy as such the privileges of a credit union, but without prejudice to any liability incurred by such credit union which may be enforced against the same as if such cancellation had not taken place.
75. (1) Where the registration of a credit union is cancelled, the Registrar may appoint one or more persons to liquidate the credit union under his direction and control.
- (2) In making the appointment the Registrar may impose such limitations on the powers of the liquidator as he thinks necessary.
76. (1) Where a liquidator is appointed under subsection (1) of section 75, all of the property of whatever description (including books and documents) belonging to the credit union shall be vested in the liquidator by his official name with effect from the date of appointment.
- (2) Subject to the provisions of subsection (2) of section 75, the liquidator, after giving such indemnity, if any, as the Registrar may direct, shall -

Dissolution.

Effect of
cancellation
of registra-
tion.Appointment
of
liquidator.Liquidator's
powers.

- (a) subject to the limitation placed by subsection (2) of section 29, decide the contributions to be made to the assets of the credit union by members, past members and the estates of deceased members who are in debt to the credit union;
- (b) by notice fix a day when all creditors shall prove their debts or be excluded from any distribution of assets;
- (c) decide any question of priority that may exist between creditors;
- (d) institute or defend legal proceedings on behalf of the credit union;
- (e) decide by whom and in what proportions the costs of liquidation are to be paid;
- (f) give such directions as to the collection and distribution of assets as may be necessary;
- (g) compromise any claim by or against the credit union;
- (h) call such meetings of members or creditors as may be necessary for the proper conduct of the liquidation;
- (i) take possession of all documents, securities, account books and assets of the credit union;
- (j) sell the property of the credit union;
- (k) where the scheme of distribution has been approved by the Registrar, arrange for the distribution of the assets of the credit union; and
- (l) enforce the attendance of parties and witnesses and compel the production of documents by the means and manner as in a civil court.

Powers of Registrar to control the liquidation.

77. In exercise of the powers over the liquidator the Registrar may -
- (a) revoke or change any order made by the liquidator, and make a new order as required;
 - (b) remove a liquidator from office, and appoint a new liquidator;
 - (c) take possession of all documents and assets of the credit union;
 - (d) require accounts to be produced to him by the liquidator;
 - (e) arrange the auditing of the liquidator's accounts and authorise the distribution of the assets of the credit union; and
 - (f) authorise the remuneration of the liquidator.

Enforcement of order.

78. Any action taken by a liquidator under section 76, or any order made by the Registrar under section 77 may be enforced by the court in the area of the registered office of the credit union in the same way as an order of the court.

Limitation of jurisdiction of civil court.

79. Unless otherwise expressly stated, no civil court shall have jurisdiction on any matter concerned with the dissolution of a credit union.

80. (1) In the liquidation of a credit union, the funds, including any reserve fund, shall be applied -

- (a) first to the costs of liquidation;
- (b) second to payment of the liabilities of the credit union;
- (c) third to the repayment of deposits;
- (d) fourth to the repayment of share capital and dividend for any period for which no dividend was paid; and
- (e) fifth to pay the balance to members in proportion to the share capital holding of each member.

(2) When the liquidation of the credit union has been completed and any creditor has not claimed or received what is due to him by the scheme of distribution, notice of the closure of the liquidation shall be published in the Gazette.

(3) All claims against the credit union shall be prescribed with effect from two years of the date of the Gazette notice.

Effect of liquidation.

PART XI
MISCELLANEOUS

81. (1) No person other than a credit union or the league of credit unions shall carry on business under any name or title of which the words "credit union" are a part.

(2) Any person who contravenes this section shall commit an offence and shall be liable on summary conviction to a fine of two hundred dollars and in the case of a continuing offence to a further fine of forty dollars for each day during which the offence continues.

Prohibition of the use of the word "credit union".

82. Any person who obtains possession by false representation of any property or funds of a credit union, or who has any property of a credit union in his possession and withholds it or misappropriates any part of it for purposes other than those expressed or directed in the by-laws of the credit union, this Act or regulations, shall commit an offence and be liable on summary conviction to deliver the property or to repay all the money misappropriated, and in default of such delivery or repayment to be imprisoned for a period of one year.

Fraud of mis-appropriation.

83. (1) Any credit union or an officer of a credit union who wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act by the Registrar or any person authorised by the Registrar, or by the supervisory committee, shall commit an offence.

(2) Any person who -

- (a) wilfully or without reasonable excuse disobeys any summons, requisition or written order issued under this Act, or fails to

Penalties non-compliance.

furnish any information lawfully required from him under this Act; or

- (b) collects money in the nature of subscriptions for the purpose of forming a credit union to be registered under this Act, without the permission of the Registrar,

shall commit an offence.

- (3) Every person who commits an offence under subsection (1) or (2) shall be liable to a fine of two hundred dollars or to imprisonment for six months or to both such fine or imprisonment.

Regulations.

84. The Minister may make such regulations for or with regard to any matter or thing that by this Act he is authorised or required to do for the purpose of carrying out or giving effect to the provisions of this Act.

Exemptions.

85. (1) The Companies Act, the Banking Act, the Trade Union Act, and the Co-operative Societies Act shall not apply to a credit union unless specifically provided for in this Act or any other Act.

(2) Notwithstanding anything in the law relating to income tax, a credit union shall be entitled to relief from income tax in respect of profits or gains arising or accruing from interest on loans made to its members.

Transitional and savings.

86. (1) From and after the commencement of this Act, only a credit union registered by the Registrar shall engaged in any credit union activity.

(2) A credit union that was immediately before the commencement of this Act, engaged in credit union activity, shall, within a prescribed period make application to the Registrar in the form in the First Schedule with a copy of its supplementary/by-laws and the prescribed fee.

FIRST SCHEDULE
(Section 5)

THE CREDIT UNIONS ACT

MEMORANDUM OF ASSOCIATION

- 1. The undersigned are desirous of being incorporated under the provisions of the Credit Union Act.
- 2. The group of persons to whom membership is limited:
- 3. The corporate name of the credit unions is to be (insert name proposed) Credit Union.
- 4. The registered office of the credit union is situated at:
- 5. The par value of each share is SI\$.
- 6. The names and addresses of the undersigned; the number of shares for which each has subscribed, and the qualification of each within the group to which membership is limited, are as follows -

Names	Addresses	No. of shares subscribed
-------	-----------	--------------------------

Will be provisional secretary of the proposed credit union.

Dated at _____ this _____ day
of _____ 19 _____

Signature of witness:
applicants:

Signature of

Note: give description of group by occupation or area of residence.

SECOND SCHEDULE
(Section 8)

THE CREDIT UNIONS ACT
CERTIFICATE OF INCORPORATION

The _____ Credit Union, hav-
ing filed a duly executed Memorandum of Association, is incorporated
under the Credit Unions Act.

