

BAHAMAS CO-OPERATIVE CREDIT UNIONS BILL, 2013

Arrangement of Sections

Section

| | |
|--------------------------------------------------------------------------------------|-----------|
| PART I - PRELIMINARY | 6 |
| 1. Short title and commencement..... | 6 |
| 2. Interpretation..... | 6 |
| 3. General Application of Act and use of the words “co-operative credit unions”..... | 8 |
| 4. Co-operative principles..... | 8 |
| PART II - ADMINISTRATION OF CO-OPERATIVE CREDIT UNIONS | 9 |
| 5. Central Bank to administer the Act..... | 9 |
| 6. Duties and powers of Inspector..... | 11 |
| 7. Power of Search..... | 13 |
| 8. Collection of statistics..... | 14 |
| 9. Submission of returns..... | 15 |
| 10. Registers..... | 15 |
| 11. Application for registration..... | 15 |
| 12. Conditions for registration..... | 16 |
| 13. Criteria to determine if applicant is fit and proper person..... | 17 |
| 14. Registration of a co-operative credit union..... | 19 |
| 15. Effect of registration..... | 19 |
| 16. Co-operative credit unions to be bodies corporate..... | 19 |
| 17. Co-operative credit unions to conform to co-operative principles..... | 20 |
| 18. Maintenance of mandatory records..... | 20 |
| 19. Suspension and cancellation of registration..... | 20 |
| 20. Exemption of small co-operative credit unions..... | 21 |
| PART III - DIRECTORS AND OFFICERS | 22 |
| 21. Board of Directors..... | 22 |
| 22. Committees..... | 23 |
| 23. Provisional Directors..... | 24 |
| 24. First Annual General Meeting..... | 24 |
| 25. Annual General Meetings..... | 24 |
| 26. Special General Meetings..... | 25 |
| 27. Notice of meetings..... | 25 |
| 28. Meetings of directors..... | 25 |
| 29. Minutes of meetings..... | 26 |
| 30. Election of Directors, supervisory and credit committee members..... | 26 |

DRAFT

| | | |
|-----|-------------------------------------------------|----|
| 31. | Composition of the Board. | 27 |
| 32. | Directors and Officers fiduciary duties. | 27 |
| 33. | Annual declaration. | 27 |
| 34. | Terms of office. | 28 |
| 35. | Quorum..... | 28 |
| 36. | Indemnification of directors and officers. | 28 |
| 37. | Misuse of confidential information. | 28 |
| 38. | Liability of directors. | 29 |
| 39. | Remuneration. | 30 |
| 40. | Ceasing to hold office..... | 30 |
| 41. | Delegates. | 30 |
| 42. | Removal of directors.. | 31 |

PART IV - RIGHTS AND LIABILITIES OF MEMBERS **31**

| | | |
|-----|--------------------------------------------|----|
| 43. | Qualifications for membership. | 31 |
| 44. | Application for membership..... | 32 |
| 45. | Membership requirements..... | 32 |
| 46. | Withdrawal of membership. | 32 |
| 47. | Expulsion of members..... | 33 |
| 48. | Cessation of membership. | 33 |
| 49. | Voting rights. | 33 |
| 50. | Liability of current and past members..... | 33 |

PART V - BUSINESS OF CO-OPERATIVE CREDIT UNIONS **34**

| | | |
|-----|-----------------------------------------------------------------------------|----|
| 51. | Equity Shares..... | 34 |
| 52. | Dividend, bonus etc..... | 34 |
| 53. | Limitations on shareholding. | 35 |
| 54. | Transfer of equity shares generally..... | 35 |
| 55. | Transfer of equity shares of a member who is of unsound mind..... | 35 |
| 56. | Lien on equity shares or rules of offset. | 36 |
| 57. | Restriction on transfer of equity share or interest in capital..... | 36 |
| 58. | Power of nomination. | 36 |
| 59. | Transfer of share or interest on death. | 37 |
| 60. | Creation and disposal of charge in favour of co-operative credit union..... | 38 |
| 61. | Enforcement of a charge..... | 39 |
| 62. | Assignment of a charge. | 39 |
| 63. | Bond as additional security for loan..... | 39 |
| 64. | Dormant accounts..... | 40 |

PART VI - LOANS **41**

| | | |
|-----|------------------------------------------|----|
| 65. | Loans by co-operative credit unions..... | 41 |
| 66. | Provisions for doubtful loans. | 42 |
| 67. | Loan approval..... | 42 |
| 68. | Security for loans..... | 42 |
| 69. | Loan limits..... | 42 |
| 70. | Reporting loans. | 42 |

PROPERTY OF THE CENTRAL BANK OF THE BAHAMAS

| | | |
|-----|------------------------|----|
| 71. | Interest on loans..... | 43 |
|-----|------------------------|----|

PART VII - CREDIT COMMITTEE **43**

| | | |
|-----|------------------------------------------------------|----|
| 72. | Credit committee. | 43 |
| 73. | Duties of credit committee. | 43 |
| 74. | Ceasing to be a member of the credit committee. | 44 |
| 75. | Removal by members..... | 44 |
| 76. | Loan approval..... | 44 |
| 77. | Credit committee reports..... | 44 |

PART VIII - SUPERVISORY COMMITTEE **45**

| | | |
|-----|----------------------------------------------------------|----|
| 78. | Supervisory committee..... | 45 |
| 79. | Duties of the supervisory committee. | 45 |
| 80. | Compliance officer. | 46 |
| 81. | Internal audit function. | 46 |
| 82. | Misappropriation, etc..... | 47 |
| 83. | Ceasing to be a member of the supervisory committee..... | 48 |
| 84. | Removal by members..... | 48 |

PART IX - INVESTMENTS AND BORROWINGS **48**

| | | |
|-----|--------------------------|----|
| 85. | Investment of funds..... | 48 |
| 86. | Borrowing Limits. | 49 |

PART X - DEPOSITS, STATUTORY REQUIREMENTS **49**

| | | |
|-----|-------------------------------------------------------------------------------------------|----|
| 87. | Deposits..... | 49 |
| 88. | Credit facilities. | 49 |
| 89. | Statutory Reserve, Liquidity Deposit and Stabilization Funds and disposal thereof..... | 49 |

PART XI - AUDIT, INQUIRY AND INSPECTION **50**

| | | |
|-----|----------------------------------------------------------|----|
| 90. | Audit..... | 50 |
| 91. | Notice of Insolvency | 52 |
| 92. | Dissolution of board of a co-operative credit union..... | 52 |

PART XII – DISPUTES AND APPEALS **53**

| | | |
|-----|-------------------------------------------------------------|----|
| 93. | Registered Co-operative Credit Unions Appeals Tribunal..... | 53 |
| 94. | Settlement of disputes | 53 |
| 95. | Case stated on question of Law | 55 |

DRAFT

PART XIII – RESTRUCTURING OF CO-OPERATIVE CREDIT UNIONS 56

| | |
|-----------------------------------------------------------|----|
| 96. Methods of restructuring..... | 56 |
| 97. Amalgamation of co-operative credit unions..... | 56 |
| 98. Transfer of assets of co-operative credit unions..... | 56 |
| 99. Claims of objecting creditors..... | 57 |

PART XIV – WINDING UP AND ANCILLARY MATTERS 57

| | |
|-------------------------------------------------------------------------------------------|----|
| 100. Winding up..... | 57 |
| 101. Winding up by virtue of reduced membership..... | 57 |
| 102. Voluntary winding up..... | 58 |
| 103. Power of Central Bank pursuant to a winding up order..... | 58 |
| 104. Powers of a liquidator..... | 58 |
| 105. Power of Central Bank to control liquidator..... | 59 |
| 106. Cancellation of registration consequent upon winding up..... | 59 |
| 107. Disposal of surplus assets..... | 59 |
| 108. Power of Central Bank to surcharge officers etc. of a co-operative credit union..... | 60 |
| 109. Attachment of property..... | 61 |
| 110. Enforcement..... | 61 |
| 111. Limitation of jurisdiction of civil court..... | 61 |

PART XV – APEX BODY 61

| | |
|-------------------------------------------------------|----|
| 112. Establishment and constitution of Apex Body..... | 61 |
| 113. Functions of Apex Body..... | 61 |
| 114. Management..... | 62 |
| 115. Consultation with the Central Bank..... | 62 |

PART XVI – OFFENCES 63

| | |
|-------------------------------------------------------------------|----|
| 116. Corrupt practices and bribery..... | 63 |
| 117. Falsely obtaining property of co-operative credit union..... | 63 |
| 118. Failure to comply with the Act, etc..... | 63 |
| 119. Dealing in property subject to charge..... | 64 |
| 120. Offences with respect to reports..... | 64 |

PART XVII – MISCELLANEOUS 65

| | |
|----------------------------------------------------------------------------------|----|
| 121. Confidentiality..... | 65 |
| 122. Evidence of documents and of entries in books..... | 66 |
| 123. Exemption from stamp duties and other fees..... | 67 |
| 124. Non-application of certain Acts. Ch.308., Ch.313., Ch.6., Ch.316., Ch.369.. | 67 |
| 125. Regulations..... | 67 |
| 126. Fees..... | 68 |
| 127. Transitional provisions..... | 68 |
| 128. Power to amend bye-laws..... | 69 |

PROPERTY OF THE CENTRAL BANK OF THE BAHAMAS

SCHEDULE **72**

OBJECTS AND REASONS **73**

DRAFT

BAHAMAS CO-OPERATIVE CREDIT UNIONS BILL, 2013

A BILL FOR AN ACT TO PROVIDE FOR THE REGISTRATION,
SUPERVISION AND MANAGEMENT OF CO-OPERATIVE CREDIT
UNIONS, AND FOR CONNECTED PURPOSES

ENACTED BY THE PARLIAMENT OF THE BAHAMAS

PART I - PRELIMINARY

1. Short title and commencement.

- (1) This Act may be cited as The Bahamas Co-operative Credit Unions Act, 2013.
- (2) This Act shall come into force on such date as the Minister may appoint by Notice published in the Gazette.

2. Interpretation.

- (1) In this Act –
 - “**Apex Body**” means a National League or other like body for co-operative credit unions referred to in section 112;
 - “**board**” means the board of directors to whom the management of the affairs of a co-operative credit union is entrusted by the members;
 - “**bonus**” means the equitable return to a member of a co-operative credit union from net surplus after allocation to the statutory reserve and the stabilization fund;
 - “**bye-laws**” means the registered bye-laws made by a co-operative credit union pursuant to this Act and includes a registered amendment to the bye-laws;
 - “**capital**” means the statutory reserves, retained earnings, qualifying shares and equity shares of a co-operative credit union;
 - “**cooperative credit union**” means a financial cooperative that may accept savings deposits and provide other financial services to members pursuant to the provisions of this Act, and “credit union” shall be construed accordingly”;

“deposit” means the unpaid balance of money or its equivalent received or held by a co-operative credit union from or on behalf of a person in the usual course of business and for which the institution has given or is obliged to give credit to that person’s checking, saving, demand or time account or for which the institution has issued a certificate, receipt, cheque, money order, draft or other instrument in respect of which it is primarily liable;

“director” means a member of the board of a co-operative credit union;

“dividend” means a payment made to members from the net surplus of co-operative credit unions divided among members in proportion to the qualifying and equity shares;

“equity shares” means those shares held by a member that are in excess of the qualifying shares, the value of which are prescribed by by-laws;

“Governor” means the person appointed as Governor under paragraph 1 of the Schedule to the Central Bank of The Bahamas Act;

“inspector” means the person appointed as Inspector under section 13(1) of the Banks and Trust Companies Regulation Act;

“liquidity deposit” means funds maintained by a co-operative credit union to ensure that it can meet its commitments with respect to loans, withdrawals of deposits, and payment of accounts to fund its operations;

“management” means persons who are employed by the board to manage, or such committee so designated by the board;

“Minister” means the Minister of Finance;

“non-profit company” has the meaning given to that term in the Companies Act;

“patronage rebate” means the returns to members from net surplus, allocated in proportion to the volume of business each individual has done with the co-operative credit union during the preceding financial year;

“provisional directors” means members of the Steering Committee who will hold office after registration and until the board of directors are elected at the first annual general meeting;

“qualifying shares” means the mandatory, non-withdrawable minimum shares to be purchased by an approved applicant to be admitted and

DRAFT

to enjoy the full rights and privileges of membership in the co-operative credit union;

“**share redemption fund**” means a fund established for the purpose of redeeming qualifying shares;

“**stabilisation fund**” means a facility to provide technical assistance advice and limited financial assistance to co-operative credit unions that are insolvent or likely to become insolvent;

“**statutory reserve**” means funds allocated from retained earnings solely for the purpose of increasing and enhancing capital until total statutory reserves equal ten percent of total assets.

- (2) In this Act, a reference to the Registrar General shall also be construed as a reference to any other public officer who has the responsibility for the receipt and registration of documents relating to co-operative credit unions.

3. General Application of Act and use of the words “co-operative credit unions”.

- (1) This Act applies to co-operative credit unions which are registered under this Act or deemed, by virtue of section 127(1) to be registered under this Act.
- (2) No person other than a registered co-operative credit union shall trade or carry on business under any name or title of which the word “co-operative credit union” or “co-operative credit unions” or any abbreviation thereof, is a part.
- (3) No co-operative credit union shall carry on any business that is contrary to this Act, or its bye-laws.
- (4) In the case of any inconsistency or conflict between this Act and any other written law, the provisions of this Act shall prevail and take precedence over such other laws unless expressly provided to the contrary in this Act or such other written law.

4. Co-operative principles.

- (1) For the purpose of this Act, a co-operative credit union conforms to the co-operative principles if —
- (a) no member or delegate has more than one vote;
 - (b) no member or delegate is entitled to vote by proxy;

- (c) its business is carried on primarily for the benefit of its members;
 - (d) its membership is voluntary and available without any artificial restriction or any unlawful basis of discrimination to any person who can use its services and is willing to accept the responsibilities of membership;
 - (e) the limit on dividends on share capital and qualifying shares that it pays does not exceed the rate as prescribed in the bye-laws;
 - (f) any surplus or savings out of the co-operative credit union's operations is used for one or more of the following purposes —
 - (i) to develop its business;
 - (ii) to provide or improve common services to members;
 - (iii) to be distributed among members in proportion to their patronage with the credit union;
 - (iv) to educate its members, officers or employees or the general public in the principles and techniques of economic and democratic co-operation;
 - (v) to be contributed to non-profit charitable benevolent organizations;
 - (vi) to be contributed to equity until total equity equals ten percent of total assets; and
 - (g) co-operation with other credit unions is pursued.
- (2) Without prejudice to subsection (1), a co-operative credit union may, with the permission of the Central Bank, do all other acts and things as are incidental or conducive to or consequential to the attainment of its objectives.

PART II - ADMINISTRATION OF CO-OPERATIVE CREDIT UNIONS

5. Central Bank to administer the Act.

- (1) The Central Bank shall be responsible for —
 - (a) the general administration of this Act, its regulations and shall have the power and duties conferred on it by this Act;
 - (b) determining the financial soundness of co-operative credit unions;

DRAFT

- (c) supervising co-operative credit unions for the purpose of satisfying itself that the provisions of the Act are being complied with;
 - (d) protecting members' deposits and shares from undue loss;
 - (e) monitoring compliance of co-operative credit unions with legislation to combat money laundering and terrorist financing; and
 - (f) monitoring conformity by co-operative credit unions with the co-operative principles listed in section 5.
- (2) In the discharge of its responsibilities pursuant to this section, the Central Bank may —
- (a) process applications and issue certificates of registration to new co-operative credit unions;
 - (b) vary, restrict or revoke certificates of registration;
 - (c) establish prudential criteria to be met by co-operative credit unions;
 - (d) obtain information in such form and at such frequency as the Central Bank may, in writing, from time to time require;
 - (e) perform assessments of the risk profile and the safety and soundness of each co-operative credit union;
 - (f) conduct on site examinations of co-operative credit unions and issue to the relevant credit union, any report produced from the examinations conducted;
 - (g) conduct continuous off-site assessment of the financial condition and performance of co-operative credit unions and their compliance with the Act;
 - (h) where it deems such action to be appropriate, issue regulations and guidelines to facilitate compliance with any of the provisions of this Act; and
 - (i) take any other action deemed necessary to ensure the safety and soundness of the co-operative credit union sector in accordance with this Act.
- (3) The Central Bank shall include in its annual report, which it is required to prepare under section 32 of the Central Bank of the Bahamas Act, information with respect to the performance of the co-operative credit union industry.
- (4) Where the Central Bank has reasonable grounds to believe that an affiliate or officer of a co-operative credit union is committing or pursuing or is

about to commit or pursue any act or course of conduct that is detrimental to the interests of the members or depositors of the credit union, or is a violation of this Act or any regulation, order, directive, instruction or condition imposed by the Central Bank, it may require the credit union to perform such actions considered necessary to rectify the situation.

6. Duties and powers of Inspector.

- (1) It shall be the duty of the Inspector —
 - (a) to maintain a general review of co-operative credit union practice in The Bahamas;
 - (b) to examine and make recommendations to the Governor with respect to applications for registration;
 - (c) whenever he thinks fit and when required by the Governor to conduct on-site examinations and off-site supervision of the business of each co-operative credit union for the purpose of satisfying himself that the provisions of this Act or legislation to prevent money laundering or terrorist financing are being complied with, that the credit union is in a sound financial position and, after the conclusion of each examination or supervision, to report to the Governor;
 - (d) to examine and to report on the several returns delivered to the Central Bank pursuant to section 9(1) of this Act;
 - (e) to examine, by way of receipt of regular returns, reports or in such other manner as he thinks necessary the affairs or business of any co-operative credit union carrying on business within The Bahamas for the purpose of satisfying himself that the Act is being complied with and that the credit union is in a sound financial position.
- (2) In the performance of his functions under this Act and subject to such confidentiality requirements as may be provided for in the Central Bank of the Bahamas Act, the Inspector shall be entitled at all reasonable times —
 - (a) to have access to such books, records, vouchers, accounts, cash, securities or other documents, including documents stored in electronic form, of any co-operative credit union;
 - (b) to call upon any director or manager of a co-operative credit union or any officer designated by the manager of a credit union for such information or explanation;

DRAFT

- (c) to call upon the current or any former external auditor of any co-operative credit union for such auditor's reports, working papers, information or explanation;
 - (d) to require that the auditor of a co-operative credit union report on the extent of the procedures of the auditor in the examination of the annual financial statements and may require that the auditors enlarge the scope of that examination or direct that any other particular procedure be performed in any particular case;
 - (e) to require that the auditor make a particular examination relating to the adequacy of the procedures adopted by the co-operative credit union for the safety of its members, or any other examination as considered necessary by the Inspector,
as the Inspector may reasonably require for the purpose of enabling him to perform his functions under this Act.
- (3) No duty of confidentiality to which an auditor of a co-operative credit union may be subject shall be regarded as having been breached by reason of his communicating in good faith to the Inspector, pursuant to paragraphs (a), (b) and (c) of subsection (3), any information or opinion which is relevant to the Inspector's functions and responsibilities under this Act.
- (4) If an on-site or off-site examination of the affairs of a co-operative credit union reveals that the credit union is conducting its business in an unlawful or unsound manner or is otherwise in an unsound condition, the Inspector may —
- (a) direct the credit union to engage an independent auditor to perform or conduct a review of its financial statements and accounting records and advise the Central Bank and the credit union of the true financial condition of the credit union; and
 - (b) take all such other measures as he may consider necessary.
- (5) Notwithstanding the provisions of subsection 26(1), the Inspector may call a special meeting of the co-operative credit union —
- (a) for the purpose of reporting to the members the results of any audit, examination or other investigation of the credit union's affairs ordered or made by the Central Bank; or
 - (b) where the credit union fails to hold an annual general meeting in accordance with section 25 or subsection 26(1), for the purpose of enabling members to secure information regarding the affairs of the credit union that they are entitled to receive pursuant to this Act and to deal with any matters affecting the credit union.

-
- (6) The Central Bank may in writing authorise any person to assist the Inspector in the performance of his functions under this Act.
- (7) Where any person —
- (a) fails to comply with any requirement made by the Inspector, pursuant to subsection (2), within the period determined by the Inspector or within such further period as the Inspector may determine, it shall be presumed, in the absence of satisfactory evidence being furnished by the co-operative credit union justifying such a failure to comply with such requirement, that the credit union concerned has been carrying on business in contravention of the terms of its registration with effect from the date of such failure;
 - (b) knowingly or intentionally supplies false or misleading information to the Inspector or any person authorised to assist the Inspector;
 - (c) as an auditor of a co-operative credit union in the performance of an audit, grossly violates the duties of such auditor as set out in subsections 90(6) and (7); or makes untrue statements in an audit report or omits essential facts or fails to request pertinent information from the credit union or fails to report his findings to the Inspector,
- he shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding fifty thousand dollars or to a term of imprisonment not exceeding five years or to both such fine and imprisonment and in the case of a continuing offence to a fine not exceeding one thousand dollars for each day during which the offence continues.
- (8) No civil or criminal liability shall attach to the Inspector, or any person duly authorized by the Inspector under subsection (6), for an act done in good faith in the discharge or purported discharge of such person's functions under this Act.

7. Power of Search.

- (1) If a Magistrate is satisfied by information on oath given by the Inspector or by a person authorised under section 6(6) to assist the Inspector either —
- (a) that there is reasonable ground for suspecting that an offence against this Act has been or is being committed and that evidence of the commission of the offence is to be found at any premises specified in the information or in any vehicle, vessel or aircraft so specified; or

DRAFT

- (b) that any books, records, vouchers, documents, cash or securities which ought to have been produced under section 6(2) and have not been produced are to be found at any such premises or in any such vehicle, vessel or aircraft, he may grant a search warrant authorising the Inspector or such person authorised under 6(6) or any police officer together with any other person named in the warrant and any other police officers, to enter the premises specified in the information or, as the case may be, any premises upon which the vehicle, vessel or aircraft so specified may be, at any time within one month from the date of the warrant, and to search the premises or, as the case may be, the vehicle, vessel or aircraft;
- (c) The person authorised by any such warrant as aforesaid to search any premises or any vehicle, vessel or aircraft may search every person who is found in or whom he has reasonable ground to believe to have recently left or to be about to enter those premises or that vehicle, vessel or aircraft, as the case may be, and may seize any books, records, vouchers, documents, cash or securities found in the premises or in the vehicle, vessel or aircraft which he has reasonable ground for believing to be evidence of the commission of any offence against this Act or any such books, records, vouchers, documents, cash or securities found in the premises or in the vehicle, vessel or aircraft which he has reasonable ground for believing ought to have been produced under section 6(3):
- Provided that no female shall, in pursuance of any warrant issued under this subsection, be searched except by a female;
- (d) Where by virtue of this section a person has any power to enter any premises he may use such force as is reasonably necessary for the purpose of exercising that power.
- (2) Every person who shall obstruct the Inspector or any other person in the exercise of any powers conferred on him by virtue of this section shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding one thousand dollars or to imprisonment for a term not exceeding three months or to both such fine and imprisonment.

8. Collection of statistics.

- (1) The Central Bank shall collect statistics in relation to co-operative credit union business.

-
- (2) Every co-operative credit union shall, for the purpose of enabling the Central Bank to collect statistics under this section, furnish the Central Bank with information in such form and at such time as specified by the Central Bank.

9. Submission of returns.

- (1) Every co-operative credit union shall submit to the Central Bank —
- (a) a copy of its audited financial statements, and corresponding audit management letter, within the period prescribed in subsection 90(6);
 - (b) a copy of its annual returns in such form as the Central Bank may specify;
 - (c) monthly returns, in such form as the Central Bank may specify, no later than the twentieth day after the end of each month.
- (2) The Central Bank may, by notice in writing, require a co-operative credit union, director or officer of a credit union to make a special return on any subject connected with the business and affairs of the credit union and, when the Central Bank requires a special return, the Central Bank shall specify in the notice a time within which the special return is to be made.
- (3) Any co-operative credit union that contravenes this section is liable to pay to the Central Bank a special filing fee of five hundred dollars per contravention.
- (4) The Central Bank may —
- (a) extend the time for the submission of a return referred to in subsection (1) for a further period not exceeding sixty days;
 - (b) exempt any co-operative credit union from the provisions of subsection (1) and section 90(6) subject to such terms and conditions as the Bank may determine.

10. Registers.

The Central Bank shall maintain such register as may be required or authorized to be maintained under this Act or any regulations made under this Act and in particular shall maintain a register of co-operative credit unions to which the Central Bank has issued registration certificates to carry on business in The Bahamas or which are deemed to be registered pursuant to subsection 127 (1).

11. Application for Registration.

- (1) No co-operative credit union may commence business unless it is registered under this Act.
- (2) Subject to subsection (3), an application for registration under this Act must be submitted to the Central Bank in such form as the Central Bank may specify.

DRAFT

- (3) An application for registration under this Act must be signed in the case of persons who desire to be members of a co-operative credit union under section 14 and who satisfy the requirements for membership, by at least thirty of such persons.
- (4) An application for registration made pursuant to subsection (1) shall be made to the Central Bank in such form as may be specified and must include —
- (a) the prescribed application fee; and
 - (b) two copies of the application, which must state —
 - (i) the proposed name of the co-operative credit union;
 - (ii) the street address of the co-operative credit union's principal place of business;
 - (iii) a declaration that the co-operative credit union's term of existence is perpetual;
 - (iv) a declaration of the co-operative credit union's fiscal year;
 - (v) the aggregate value of all initial shares;
 - (vi) the name and address of, and the number of non-withdrawable qualifying shares subscribed by each organizer;
 - (vii) the number of directors constituting the initial board and the name and address of each person who will serve as director until the first annual meeting; and
 - (viii) the defining bond of association shared by the members of the co-operative credit union at the time of registration.
 - (c) two copies of the bye-laws of the co-operative credit union;
 - (d) a business plan covering three years and providing a detailed explanation of actions intended to accomplish the primary functions of the co-operative credit union; and
 - (e) such other information as the Central Bank may specify.

12. Conditions for registration.

- (1) Subject to subsection (2) no group may be registered or no co-operative credit union having been registered may continue to be so registered under this Act —
- (a) unless its membership consists of individuals who are fifteen years and older;
 - (b) unless it is considered to be economically viable by the Central Bank, having assessed the demand for its proposed services, the

-
- potential size of the credit union, the capital base and the membership base;
- (c) unless there is conformity among its membership, with all co-operative principles as set out in section 4;
 - (d) unless the word "limited" is the last word of the name of a credit union to be registered with limited liability;
 - (e) if the name of the credit union is identical with that of another credit union or which so nearly resembles that name as to be likely to mislead the members of the public as to its identity;
 - (f) unless it has and maintains an address to which all notices and communications may be sent;
 - (g) unless its bye-laws are in conformity with this Act;
 - (h) unless, the registered name of the credit union is prominently displayed in easily legible letters in a conspicuous position on the outside of every office or place in which the business of the credit union is carried on, from the date of commencement of the credit union's operations; and
 - (i) unless its authorized persons or directors are deemed fit and proper by the Central Bank in keeping with the criteria provided in subsection 13(2).
- (2) The membership of each credit union registered under this Act must comprise a minimum of one hundred members.

13. Criteria to determine if applicant is fit and proper person.

- (1) The Central Bank shall, where an application for registration is made pursuant to section 11 consider whether any person who is or is to be a director, committee member, officer or senior manager of the co-operative credit union to which the application relates, is a fit and proper person.
- (2) The Central Bank shall, in determining for the purposes of this Act, or of any regulations made under this Act, whether a person is or remains a fit and proper person to hold the position of director, committee member, officer or senior manager, have regard to all the circumstances, including —
 - (a) that person's integrity, probity, competence and soundness of judgment for fulfilling the responsibilities of that position;
 - (b) the diligence with which that person is fulfilling or is likely to fulfill the responsibilities of that position;
 - (c) whether the interests of the credit union are likely to be in any way threatened by that person holding that position;

DRAFT

- (d) whether they have engaged in any activity or business practices that appear to be deceitful or oppressive or otherwise improper (whether lawful or not) or which would discredit his method of conducting business; and
 - (e) whether there has been impropriety in handling an employers' business.
- (3) A person may not be elected or appointed or remain a director of a co-operative credit union who —
- (a) has had his or her membership in any credit union terminated involuntarily;
 - (b) is less than eighteen years of age;
 - (c) has not been a member of the credit union for the past twelve months;
 - (d) does not hold the minimum qualifying shares of the credit union;
 - (e) has been found by a court to be of unsound mind or is certified to be suffering from a mental disorder within the meaning of the Mental Health Act;
 - (f) is an employee of the credit union, the Apex Body, or the Central Bank;
 - (g) has been convicted by a court in any country of an indictable offence or other offence involving dishonesty;
 - (h) has been convicted on indictment of an offence in connection with the promotion, formation or management of a body corporate;
 - (i) is a professional advisor who provides services to the credit union in his or her professional capacity or has provided such services in eighteen months preceding the date on which he or she may be elected;
 - (j) is unable to obtain a bond from an insurer;
 - (k) has had his or her membership in a professional association terminated, for professional misconduct;
 - (l) is more than ninety days in default of debts owed to the credit union whether alone or as a guarantor;
 - (m) is an un-discharged bankrupt or who has been discharged as a bankrupt in the five years preceding the date on which he or she may be elected as director;
 - (n) has been suspended, removed or prohibited from serving as an officer or director of a financial institution by a supervisory authority;

- (o) may not have met any reasonable conditions or qualifications as may be set out in the credit union's own bye-laws.
- (4) The Central Bank shall refuse to register a co-operative credit union, where the Central Bank is of the opinion that the business of the credit union would not be carried on by persons who are fit and proper.

14. Registration of a co-operative credit union.

- (1) If the Central Bank is satisfied that an application for registration has been made in accordance with this Act, it shall register a co-operative credit union, subject to such terms and conditions, if any, as the Central Bank may determine, approve its bye-laws and issue that credit union with a certificate of registration.
- (2) The Central Bank shall cause the name under which a co-operative credit union is registered to be published on its website and or in such other manner as the Central Bank may determine.
- (3) Where the Central Bank refuses to register a co-operative credit union it shall give the applicant reasons in writing for the refusal.
- (4) The Central Bank shall where it registers or refuses to register a co-operative credit union, advise the Minister of its decision.

15. Effect of registration.

- (1) A co-operative credit union comes into being on the date inscribed on the certificate of registration.
- (2) A certificate of registration issued by the Central Bank to a co-operative credit union is admissible in evidence as conclusive proof that the credit union named in the certificate is registered pursuant to this Act and has complied with all the requirements for registration under this Act.
- (3) A co-operative credit union registered under this Act has the capacity to carry on its business in accordance with its bye-laws.
- (4) No co-operative credit union may engage in any business other than that which is connected with its objectives or which is reasonably incidental thereto.

16. Co-operative Credit unions to be bodies corporate.

The registration of a credit union shall render it a body corporate by the name under which it is registered with perpetual succession and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purposes of its bye-laws.

DRAFT**17. Co-operative Credit union to conform to co-operative principles.**

A co-operative credit union registered under this Act shall conform to the cooperative principles as set out in section 4.

18. Maintenance of mandatory records.

- (1) Every credit union shall have its certificate of registration prominently displayed at its registered address.
- (2) Without prejudice to subsection (1), there shall be made available at all reasonable times at the registered address of the co-operative credit union —
 - (a) a copy of this Act and any regulations made thereunder;
 - (b) a copy of the bye-laws of the credit union;
 - (c) the register of members;
 - (d) the minutes of all meetings and resolutions of the credit union's members, directors and committees; and
 - (e) such other records as may be prescribed in the bye-laws.
- (3) Every co-operative credit union shall hold in perpetuity the following records —
 - (a) the minutes of all meetings and resolutions of its members, directors and committees;
 - (b) all financial records, statements and audits;
 - (c) the register of members;
 - (d) records relating to the amalgamation of the credit union with any other credit union; and
 - (e) such other records as may be prescribed in the bye-laws.

19. Suspension and cancellation of registration.

- (1) Subject to this Act, the Central Bank may by order in writing suspend the registration of a co-operative credit union if the Central Bank is satisfied that —
 - (a) the credit union is in breach of any condition of registration;
 - (b) the credit union is in breach of any requirement of section 17 or 18;
 - (c) the credit union or any officer, board or committee member thereof has failed or refused to comply with any obligation imposed by this Act, the regulations or bye-laws; or
 - (d) the credit union or any officer, board or committee member thereof has failed or refused to comply with any order or request made by the Central Bank under this Act.

-
- (2) Where the Central Bank suspends the registration of a co-operative credit union, such suspension shall not exceed twelve months.
 - (3) The Central Bank may by order in writing cancel the registration of any registered co-operative credit union if —
 - (a) at any time it is proven that the number of members has been reduced to less than one hundred members who are above the age of fifteen years;
 - (b) it is proven that the registration has been obtained by fraud or mistake, but cancellation under paragraph (a) shall not apply to an Apex Body which includes among its members one or more registered credit unions;
 - (c) the credit union goes into liquidation or is wound up or otherwise dissolved.
 - (4) An order under subsections (1) or (2) shall take effect from the date of the order.
 - (5) The Central Bank shall, before suspending or cancelling the registration of a co-operative credit union, afford the credit union an opportunity to object to the suspension or cancellation.
 - (6) Where after a period of suspension a co-operative credit union has not rectified the circumstances leading to its suspension, the Central Bank may cancel the registration of that credit union.
 - (7) Where the registration of a co-operative credit union is cancelled by order under this section the credit union shall, except for the purpose of winding up, cease to exist as a body corporate from the date on which the order takes effect.
 - (8) Whenever the Central Bank shall suspend or cancel a registration, the Central Bank may cause Notice of such suspension or cancellation to be published in the Gazette.

20. Exemption of small co-operative credit unions.

- (1) A co-operative credit union that is registered under this Act and having less than one million dollars in assets (hereafter referred to as an exempt credit union) is exempt from the requirements of section 89(2) (b) and (c).
- (2) The annual statutory reserve allocation requirement for an exempt co-operative credit union pursuant to section 89(2)(b) shall be in the case of a credit union having total assets of-
 - (a) less than one hundred thousand dollars, one percent of the credit union's total assets;

DRAFT

- (b) one hundred thousand dollars or more but less than three hundred thousand dollars, three percent of the credit union's total assets;
 - (c) three hundred thousand dollars or more but less than five hundred thousand dollars, five percent of the credit union's total assets;
 - (d) five hundred thousand dollars or more but less than seven hundred and fifty thousand dollars, seven percent of the credit union's total assets;
 - (e) seven hundred and fifty thousand dollars or more but less than one million dollars, nine percent of the credit union's total assets.
- (3) Notwithstanding any other provisions of this Act, an exempt co-operative credit union shall be entitled to—
- (a) substitute the submission of annual unaudited financial statements for the submission of annual audited financial statements required pursuant to section 9(1)(a) and 90(6);
 - (b) submit the reports required pursuant to section 9(1)(c) to the Central Bank on a quarterly basis, but in any case not later than the twentieth day of the month next following the end of the preceding quarter.

PART III - DIRECTORS AND OFFICERS

21. Board of Directors.

- (1) Every co-operative credit union shall be directed by an elected board which shall be constituted in accordance with this Act, the regulations made hereunder and the bye-laws of the credit union.
- (2) The board of directors, however designated shall be responsible to the members of the co-operative credit union for the management of the business affairs of the credit union and in pursuance thereof the board shall conduct the affairs of the credit union with transparency and accountability.
- (3) In addition to the duties prescribed in the co-operative credit union's bye-laws, the board of a credit union shall —

-
- (a) approve such policies as are required for all major activities of the credit union, in particular, the lending, investment, liquidity and asset liability management, accounting policies and audit and internal control systems; and
 - (b) subject to section 85, have charge of the investment of funds;
 - (c) approve an annual operating budget for each calendar year;
 - (d) cause true accounts to be kept of —
 - (i) the assets and liabilities of the credit union;
 - (ii) all the sums of money received and expensed; and
 - (iii) every other transaction affecting the financial position of the credit union.
 - (e) perform any duty that is necessary and proper to carry out the purposes and exercise the powers of the credit union in accordance with this Act; and
 - (f) give the Central Bank full access to all books, papers, records and other sources of information under its control within such time as may be specified by the Central Bank.

22. Committees.

- (1) The board of directors of a co-operative credit union may, from time to time appoint any committee which they consider necessary.
- (2) A committee mentioned in subsection (1) shall comprise persons who appear to the board of directors to be qualified as having had experience of or shown capacity in matters relating to accounting, finance, business administration, commerce or law.
- (3) Each co-operative credit union shall have a supervisory committee and a credit committee.
- (4) The members of a co-operative credit union shall elect annually members to fill any vacancies on the supervisory committee.
- (5) The members of the credit committee may be either
 - (a) elected annually by the members of the co-operative credit union;
 - or
 - (b) appointed by the board of directors, from among the membership of the credit union

in accordance with the bye-laws of the credit union.

DRAFT

- (6) Without prejudice to subsection (1) and (2) the board of directors may establish committees other than those listed in subsection (3), of no less than three members, for the more efficient management of the co-operative credit union and shall —
- (a) appoint qualified individuals selected from within the credit union's membership to sit on its committees;
 - (b) ensure that the composition of every committee elected under subsection (4)(b) includes one board member;
 - (c) by resolution delegate to any committee any powers that it considers necessary for the efficient conduct of its affairs and business of the credit union.
- (7) A committee may exercise any powers of the board of directors that are delegated to it by resolution of the board, subject to any restrictions contained in the resolution except to —
- (a) fill a vacancy among the directors;
 - (b) declare a bonus, dividend or patronage rebate;
 - (c) approve any financial statements of the credit union;
 - (d) submit to the members any questions or matter requiring the approval of the members;
 - (e) make decisions where this Act or the bye-laws of the credit union require a two thirds majority or unanimous vote of the board of directors.
- (8) A committee shall fix its quorum.

23. Provisional Directors.

- (1) On registration of a co-operative credit union, the individuals whose names appear in the application for registration as having been appointed and having consented to act as provisional directors are deemed to have all the powers and duties of directors and shall hold office until the first general meeting is held.
- (2) The provisional directors shall hold a meeting within one month of the issuance of the co-operative credit union's certificate of registration and at that meeting shall —
 - (a) adopt officers;
 - (b) appoint auditors who will hold office until the first general meeting of the members;
 - (c) pass resolutions establishing policies of the credit union;
 - (d) adopt forms of corporate records;
 - (e) authorise the issue of securities;

-
- (f) appoint authorized signing officers and make banking arrangements;
 - (g) transact any business as required.

24. First Annual General Meeting.

Subject to section 35(1), a co-operative credit union shall, within twelve months of the date of its registration, hold its first annual general meeting, at which time all members are entitled to be present and to vote and the business of the meeting must include —

- (a) the adoptions of the bye-laws;
- (b) the elections of directors, supervisory committee and credit committee members;
- (c) the appointment of auditors; and
- (d) other business.

25. Annual General Meetings.

- (1) Subject to its regulations and bye-laws, a co-operative credit union shall hold an annual general meeting each year, not later than six months after the end of the financial year of the credit union and within thirty days after the acceptance by the board of directors of the annual audited financial statements.
- (2) A co-operative credit union shall —
 - (a) make available to its members its annual audited financial statements, seven days prior to the annual general meeting; and
 - (b) submit its annual audited financial statements to the Central Bank thirty days prior to the annual general meeting.

26. Special General Meetings.

- (1) Subject to the bye-laws, a special general meeting may be called by —
 - (a) the directors of a co-operative credit union;
 - (b) a minimum of—
 - (i) twenty-five members for credit unions with less than one thousand members;
 - (ii) fifty members for credit unions with more than one thousand members but less than three thousand members;
 - (iii) one hundred members for credit unions with three thousand members or more,

DRAFT

upon submitting a request to the board of directors of the credit union.

- (2) A special general meeting may be called only to address the subject matter specified in the request.

27. Notice of meeting.

- (1) A co-operative credit union shall give at least ten days' notice of an annual or special meeting to its members by electronic communication or in such other manner as may be prescribed in regulations or the bye-laws.
- (2) A notice of an annual or special meeting must specify the purpose for which the meeting is being called.
- (3) Annual or special meetings must be held in The Bahamas at a place selected by the directors.
- (4) The proceedings or the business transacted at a general meeting are deemed not to be invalidated by reason of the non-receipt by a member of a notice of the meeting.

28. Meetings of directors.

- (1) Subject to the bye-laws, the directors may meet at any place and on any notice that they consider appropriate.
- (2) The chairman may call a meeting of directors —
- (a) at any time;
 - (b) on the written request of two directors within fourteen days of receipt of a request;
 - (c) on the request of the Central Bank within fourteen days of receipt of a request.
- (3) A director may in any manner waive a notice of meeting of directors.
- (4) For the purpose of subsection (3) attendance of a director at a meeting of directors is not deemed to be a waiver of notice of the meeting, unless the director attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.
- (5) Subject to the bye-laws, where all the directors consent, a meeting of directors or a committee of directors may be held by means of —
- (a) a telephone system; or
 - (b) a communication facility other than telephone, that permits all persons participating in the meeting to hear and speak to each other, and a person so participating is deemed to be present at that meeting.

- (6) Unless this Act, the regulations or the bye-laws require a meeting, a resolution of the directors may be passed without a meeting where —
- (a) all directors are notified in writing, and two-thirds of them consent to the resolution in writing; and
 - (b) the consent is filed with the minutes of the proceedings of the directors.

29. Minutes of meetings.

- (1) The board of directors shall cause minutes to be kept of
 - (a) all appointments of officers and committee members made by them;
 - (b) all the names of directors present at each meeting; and
 - (c) all resolutions and proceedings.
- (2) Every committee shall keep minutes of their meetings which shall be submitted to the board of directors for review at the board meeting next following the committee meeting to which the minutes relate.

30. Election of Directors, supervisory and credit committee members.

- (1) The election of the directors, supervisory and credit committee members of a co-operative credit union must be held annually.
- (2) Every member has the right to vote for the number of vacant positions available in a manner prescribed in the bye-laws.
- (3) Where annual elections are held pursuant to subsection (1), a co-operative credit union shall follow such procedural requirements in connection with the conduct of those elections, as may be prescribed in this Act, the regulations and the bye-laws.

31. Composition of the Board.

- (1) A co-operative credit union shall have a chairman, vice-chairman, secretary, treasurer and officers as mentioned in the bye-laws.
- (2) The directors may designate the officers of the credit union, appoint persons as officers, specify the officers' duties and delegate persons to manage the business and affairs of the credit union.
- (3) No person shall be chairman or vice chairman of a co-operative credit union unless he is an elected member of the board of directors of the credit union.
- (4) Directors must satisfy the eligibility requirements prescribed by the regulations.

DRAFT

32. Directors' and Officers' fiduciary duties.

- (1) Every director and officer of a co-operative credit union in exercising his powers and discharging his duties shall —
 - (a) act honestly and in good faith with a view to the best interests of the credit union; and
 - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (2) The directors of a credit union owe a duty of care to the members to act fairly with respect to issues of membership, ownership and corporate governance.
- (3) In discharging their duties under this section, directors may rely on reports, advice, and other information provided by the co-operative credit union's employees, lawyers, accountants, consultants, and committees of the board of which the relevant director is not a member, unless the director has knowledge which would make such reliance unreasonable or in bad faith.

33. Annual declaration.

- (1) The board of directors of a co-operative credit union shall make in such form as the Central Bank may specify an annual declaration to the annual general meeting and to the Central Bank —
 - (a) attesting to the compliance of the credit union with this Act and regulations;
 - (b) attesting to the fitness and propriety of its elected officials; and
 - (c) providing an updated listing of the composition of the board, supervisory and credit committeeswithin 30 days of the annual general meeting.
- (2) The board of directors shall within seven days of any changes in the membership of the board or officers of the co-operative credit union, notify the Central Bank in writing of such changes.

34. Employment of directors and committee members

Directors, supervisory committee and credit committee members may not seek and may not be granted employment in a co-operative credit union unless they have abstained from serving on the board or any committee of the credit union for one year.

35. Quorum.

- (1) Subject to section (2), the quorum at any annual, general or special meeting of members of a co-operative credit union shall be —
 - (a) twenty-five for credit unions with less than one thousand members;
 - (b) fifty for credit unions with more than one thousand members but less than three thousand members;
 - (c) one hundred for credit unions with three thousand members or more;
 - (d) for an Apex body, a simple majority.
- (2) Where a quorum is not present one hour after the time fixed for the commencement of the meeting, the meeting shall proceed and any number of members present shall constitute a quorum.

36. Indemnification of directors and officers.

A co-operative credit union shall purchase and maintain insurance for the benefit of a director, member of a committee, officer or employee against a liability, loss or damage incurred by that person while serving the credit union in any such capacity.

37. Misuse of confidential information.

A director, committee member or officer, or an associate of them, who, in connection with a transaction relating to shares of a co-operative credit union or a debt or obligation of a credit union, makes use of confidential information for the benefit and advantage of himself or of an associate that, if generally known, might reasonably be exercised to affect materially the value of the shares or the debt obligation:

- (a) is liable to compensate any person for direct loss suffered by the person as a result of the transaction, unless the information was known or reasonably should have been known to the person at the time of the transaction; and
- (b) is accountable to the credit union for any direct benefit or advantage received or receivable by him or his associate, as the case may be, as a result of the transaction.

38. Liability of directors.

- (1) Subject to the bye-laws of a co-operative credit union, the directors are jointly and severally liable to make good any loss or damage suffered by the credit union when they vote or consent to a resolution authorizing or approving by any other means –

DRAFT

-
- (a) the purchase of shares contrary to section 85(b) or (c);
 - (b) investments contrary to section 85;
 - (c) the payment of a dividend on shares contrary to section 52;
 - (d) a loan or guarantee or the giving of financial assistance contrary to this Act;
 - (e) remuneration in contravention of section 39;
 - (f) any payments in contravention of the Act, regulations or bye-laws.
- (2) A director who is present at a meeting of directors or of a committee of directors is deemed to have cast an affirmative vote, given consent to a resolution or given approval mentioned in subsection (1), unless —
- (a) the director's dissent is entered in the minutes of the meeting, or
 - (b) the director's written dissent is —
 - (i) delivered to the secretary of the meeting before its adjournment;
 - (ii) delivered or sent by registered mail to the office of the co-operative credit union one day after the adjournment of the meeting; or
 - (iii) transmitted by electronic means to the secretary of the meeting one day after the adjournment of the meeting.
- (3) A director who actually votes for a resolution mentioned in subsection (1) is not entitled to dissent under subsection (2).
- (4) A director who was absent from the meeting is deemed to have cast an affirmative vote, consented to the resolution or given approval unless he provides the Board with his written dissent at the next board meeting.
- (5) On the application of a director, the Central Bank may determine whether or not, having regard to any of the circumstances which the Central Bank considers appropriate —
- (a) the co-operative credit union is insolvent;
 - (b) the payment of a bonus or dividend or the lending of money would make a co-operative credit union insolvent.

39. Remuneration.

- (1) No director and no member of a committee is entitled to be paid any remuneration in connection with his duties as a director or as a committee member of a co-operative credit union or for his attendance at meetings unless the remuneration is fixed —
- (a) in the bye-laws; and

-
- (b) ratified annually by the members, by resolution at the annual meeting.
 - (2) For the purpose of sub-section (1), remuneration includes any honorarium or any payment, in cash or in kind, however designated.
 - (3) Directors and committee members may be reimbursed for expenses incurred by reason of the performance of their duties and functions as directors or members of committees.
 - (4) The directors shall fix the salaries of any employees appointed by them.

40. Ceasing to hold office.

A director of a co-operative credit union ceases to hold office when —

- (a) he dies or resigns;
- (b) he is removed pursuant to this section;
- (c) he is found not to possess or does not maintain the qualifications required to serve on the board;
- (d) he acts contrary to section 32; or
- (e) his term of office expires.

41. Delegates.

- (1) Where the bye-laws of a co-operative credit union provide for the nomination and appointment of delegates at a general meeting —
 - (a) the delegates shall exercise the powers of membership at any annual meeting or special meeting; and
 - (b) any reference in this Act with respect to the exercise of any powers mentioned in paragraph (a) shall be construed as a reference to delegates.
- (2) The members who elect delegates may, at a special meeting called for that purpose or at the annual general meeting revoke the nomination of delegates.

42. Removal of directors.

- (1) The office of a director shall become vacant, if the director has been absent from three consecutive board meetings, without reasonable cause.
- (2) Except where the byelaws provide otherwise, the remaining directors by majority vote shall fill a vacancy, regardless of whether the remaining directors constitute a quorum.
- (3) A director elected by the board to fill a vacancy shall hold office until the next annual membership meeting, at which the position shall be filled for the remainder of the unexpired term by vote of the members.

DRAFT

- (4) The members of a co-operative credit union may call a special general meeting for the purpose of removing any director from office, as provided by its bye-laws or any regulations made under this Act.
- (5) The Central Bank may remove a director if —
 - (a) the director is in contravention of any requirements of the bye-laws of the co-operative credit union, this Act, and or its regulations;
 - (b) in the opinion of the Central Bank, the director is no longer a fit and proper person.

PART IV - RIGHTS AND LIABILITIES OF MEMBERS**43. Qualifications for membership.**

- (1) A natural person shall be eligible for membership of a credit union, if that person —
 - (a) is either a citizen or a resident of the Commonwealth of The Bahamas;
 - (b) has attained the age of fifteen;
 - (c) is of sound mind; and
 - (d) has with the other members of the co-operative credit union some common bonds of philosophy, occupation or association or of residence in a defined neighbourhood or district.
- (2) A non-profit company may become a member of a co-operative credit union provided that the majority of the officers of the non-profit company are members of the credit union.
- (3) A company incorporated in the Commonwealth of The Bahamas under the Companies Act, is eligible for membership of a co-operative credit union provided that the majority ownership of the company is held by a member or members of the credit union.
- (4) A purchaser under any execution or any other person succeeding by operation of law or otherwise to the share or interest of another member in a co-operative credit union shall not be entitled to membership by virtue only of such purchase or transfer.
- (5) A person, including a minor, who is duly admitted to membership shall enjoy all the rights of that co-operative credit union and shall be subject to all the liabilities of membership and any other liabilities existing in law.

- (6) Without prejudice to anything contained in this section, provision may be made in the bye-laws of a co-operative credit union in respect of qualifications for membership.

44. Application for membership.

An application for membership of a co-operative credit union must be submitted to the board of the credit union in the form prescribed in the bye-laws.

45. Membership requirements.

- (1) No person may exercise the rights of membership of a co-operative credit union unless and until he has acquired such number of qualifying shares, and has satisfied any other requirement, as may be prescribed in the bye-laws.
- (2) A co-operative credit union shall keep a register of members and qualifying shares in which shall be recorded —
- (a) the names and addresses of members and the number of shares held by each member;
 - (b) the date on which each member became a member, and the date if any, on which he ceased to be a member; and
 - (c) the nominee(s) appointed by the members.

46. Withdrawal of membership.

- (1) A member of a co-operative credit union may at any time withdraw from membership on such condition as may be prescribed by the bye-laws of the credit union.
- (2) Withdrawal from a co-operative credit union shall be by written notice addressed to the secretary of the board.
- (3) Withdrawal from a co-operative credit union does not affect any existing liability of the member of the credit union.

47. Expulsion of members.

- (1) Where a member fails to comply with the Act, any regulations made under the Act or the bye-laws, in any way detrimental to the interests of the co-operative credit union, that member may be expelled from the credit union by a vote of two-thirds of the members present at a special meeting called upon to expel the member.
- (2) The reasons for the proposed expulsion shall be communicated to the member in writing by the board not less than one week before the meeting.

DRAFT

- (3) The member shall have an opportunity to be heard at the special meeting and thereafter the members may —
 - (a) vote on the motion to expel the member; or
 - (b) withdraw the motion.

48. Cessation of membership.

Where a member ceases to qualify for membership under this Act, regulations made under this Act or the bye-laws, the board shall cause his name to be struck off the Register of Members but such striking off shall be without prejudice to any existing liability of the member under this Act.

49. Voting rights.

- (1) There shall be no voting by proxy.
- (2) A member of a co-operative credit union shall have one vote except where such member is the chairman of any meeting of the credit union in which case if there is an equality of votes he shall have a casting vote in addition to his original vote.
- (3) A co-operative credit union that is a member of another credit union shall exercise its voting rights in that other credit union through one of its members duly appointed as a delegate pursuant to section 41.

50. Liability of current members.

Subject to this Act, the liability of a current member of a co-operative credit union is limited to the paid up amount of his qualifying and equity shares.

PART V - BUSINESS OF CO-OPERATIVE CREDIT UNIONS**51. Equity Shares.**

- (1) A co-operative credit union may issue to its members, equity shares in excess of the qualifying shares.
- (2) A co-operative credit union with a share capital may sell shares to its members but such shares shall have their par value set out in the bye-laws of the credit union.
- (3) Unless a co-operative credit union is required by law to have limited shareholding, a credit union shall have an unlimited number of equity shares.
- (4) A co-operative credit union shall sell its shares at their par value.

-
- (5) A share in a co-operative credit union is personal property and a shareholder is entitled to an annual statement showing the number of shares that he owns.
 - (6) Qualifying shares may not be used as collateral for any loan.
 - (7) The withdrawal of equity shares shall be by written notice addressed to the co-operative credit union and subject to the limitations set out in the bye-laws.

52. Dividend, bonus etc.

- (1) Subject to this section and section 89, any surplus may be distributed by way of dividend, bonus, or patronage rebate amongst its members in proportion to their shares and their patronage with the co-operative credit union at such rate as is recommended by the directors and ratified by the members at the annual meeting.
- (2) A co-operative credit union shall not —
 - (a) pay dividends on shares or bonuses or distribute any part of its accumulated funds before the financial statements have been certified by an auditor appointed by the board under subsection 90(1);
 - (b) pay a dividend or make any payment on account or out of its surplus unless the requirements under subsection 89(2)(b) have been complied with.
- (3) A patronage rebate calculated in proportion to the amount of the business done by each member with the co-operative credit union may be distributed periodically to the members from surplus funds after the deduction of all expenditure and after making provision for the allowance for doubtful loans and making allocation for the statutory reserve, stabilization fund, development fund and dividends.

53. Limitations on shareholding.

Where the liability of the members of a co-operative credit union is limited by shares, no member may hold more than one-fifth of the outstanding paid up equity shares of that credit union except where a credit union is a member of an Apex body.

54. Transfer of equity shares generally.

- (1) A share may be transferred to any other member at the option of the transferor, but where the transferee is not a member, the board, or the

DRAFT

general meeting, according to the bye-laws relating to the admission of members must approve that transfer before the transfer can be registered.

- (2) A transfer of shares shall be effected in such manner as the Central Bank determines.
- (3) No transfer of a share shall be valid and effective unless and until such transfer has been registered by the secretary on the direction of the board.
- (4) No transfer of a share shall be registered without the written permission of the board where that transfer is made by a member indebted to the co-operative credit union, and where that transfer of a share is registered by the transferee, any claim by the credit union upon the transferor is not affected by the transfer.

55. Transfer of equity shares of a member who is of unsound mind.

- (1) Where a member or person claiming through a co-operative credit union is of unsound mind or is incapable of managing his affairs and no committee, receiver or guardian has been appointed, the credit union may, subject to this section and section 58, transfer the share or interest of such member to any person nominated by such member for the purposes of section 59 or may pay to the person nominated a sum representing the value of the share or interest of such member ascertained in accordance with subsection (5).
- (2) Subject to subsection (3), if no nominee has been appointed, the co-operative credit union may pay a sum representing the value of the member's share or interest to the Registrar of the Supreme Court.
- (3) If the value of the share or interest does not exceed five hundred dollars, the board may, subject to any conditions it thinks fit, pay the whole or any portion of such sum to the person who appears to have the care of such member or the management of his affairs.
- (4) A transfer and payment made by a co-operative credit union in accordance with this section shall be valid and effective against any demand made upon the credit union by any person.
- (5) For the purposes of this section, the value of any share or interest shall be represented by the sum actually paid for that share or interest by the member holding it unless the bye-laws of the co-operative credit union otherwise provide.

56. Lien on equity shares or rules of offset.

- (1) A co-operative credit union has a lien on the equity shares or amount outstanding to the credit of a member or his personal representative for a debt due by that member or shareholder to that credit union.
- (2) A co-operative credit union may enforce a lien mentioned in subsection (1) in the manner set out in its bye-laws.
- (3) The board may, in default of payment by any member indebted to a co-operative credit union, apply the sum paid up for the time being on any equity shares or deposits held by the member in or toward the discharge of the debt so due and in any expense in or about the same, and the defaulting member shall cease to have any further claim in respect of such shares and or deposits.

57. Restriction on transfer of equity share or interest in capital.

- (1) Subject to subsection (2), the transfer of a share or interest of a member or deceased member in the capital of a co-operative credit union shall be subject to such conditions as may be prescribed by or under this Act.
- (2) No share or interest or any part thereof in the capital of a co-operative credit union may be transferred unless the transfer is made to a member thereof or to a person whose application for membership has been accepted.

58. Power of nomination.

- (1) A member of a co-operative credit union may, by instrument in writing signed by such member in the presence of two attesting witnesses and delivered at or sent to the registered office of the credit union during the lifetime of such member or made in any book kept at the registered office, nominate any person to or among whom there shall be transferred at his death such property in the credit union of which he is the owner at the time of his death, or as may have accrued thereon, whether in shares, or deposits, or so much thereof as is specified in such nomination if the nomination does not comprise the whole.
- (2) A nomination made pursuant to subsection (1) may be revoked or varied by a subsequent nomination, signed, attested and delivered or sent or made as aforesaid, or by any similar document in the nature of a revocation or variation signed by the nominator in the presence of two attesting witnesses and delivered, sent or made as aforesaid but any such nomination may not be revoked or varied by the will of the nominator or by any codicil thereto.

DRAFT

- (3) All nominations and all revocations or variations thereof delivered or sent to a co-operative credit union shall be recorded in a book kept at the registered office of the credit union.

59. Transfer of share or interest on death.

- (1) Where a person has been nominated as beneficiary by a member in accordance with the bye-laws of a co-operative credit union and such nominee is admitted to membership in that credit union, the credit union shall within one year of the death of the member by whom the nomination was made, transfer the share or interest of the deceased member to the limit specified in subsection (4) to the nominee.
- (2) Where no nominee is admitted to membership in the co-operative credit union or where the deceased member made no such nomination, the credit union shall upon production of the death certificate of such deceased member, pay to the nominee or legal personal representative of the deceased member as the case may be, such sum, not exceeding the said limit, representing the value or part thereof of the deceased member's shares or interest in the credit union.
- (3) Nothing in this section shall be construed as prohibiting a nominee who has been admitted to membership from electing to receive payment representing the value of the deceased member's shares or interest instead of accepting a transfer.
- (4) Subject to section 50 and unless prevented by order of a court of competent jurisdiction, a co-operative credit union —
- (a) shall pay such nominee or personal representative as the case may be, the sum due to the deceased member from the co-operative credit union;
 - (b) may apply the sum paid up for the time being on any equity shares or deposits held by the member at the time of his death in or toward the discharge of any debt so due to the co-operative credit union and any expense in or about the same, and the member's estate shall cease to have any further claim in respect of such shares and or deposits.

60. Creation and disposal of charge in favour of co-operative credit union.

- (1) A member to whom money has been lent by a co-operative credit union or who is otherwise indebted to the credit union may be required to create and execute a charge in favour of the credit union in such form and in

-
- accordance with such procedures as may be prescribed by the Registrar General.
- (2) The Registrar General shall register every charge transmitted to him by the co-operative credit union, and issue to the credit union a certified copy of the registration.
 - (3) The registration of a charge under subsection (1) shall constitute a security in favour of the co-operative credit union and shall be deemed to affect with notice any person dealing with the property comprised in the charge.
 - (4) A charge shall, so long as it continues in force, confer on the co-operative credit union the following obligations -
 - (a) the right upon the happening of any event specified in the charge as being an event authorizing the chargee to seize the property subject to the charge to take possession of any property so subject;
 - (b) after an interval of five clear days or such less time as may be specified in the charge from the date of taking possession of any property subject to the charge, to sell such property either by auction or, if the charge so provides, by private treaty and either for a lump sum or payment by installments;
 - (c) to apply the proceeds of sale in or towards discharge of the debt secured by the charge and the costs of seizure and sale and to pay any surplus of such proceeds to the member whose property was sold.
 - (5) A charge shall, so long as it continues in force, impose on the member the obligation to pay to the co-operative credit union towards the discharge of his indebtedness the proceeds of sale of any property comprised in the charge or any money received under a policy of insurance or by way of compensation in respect of any such property, except insofar as the charge otherwise allows.
 - (6) For the avoidance of doubt, it is hereby declared that a charge under this section is not a bill of sale within the meaning of the Sale of Goods Act.

61. Enforcement of a charge.

A co-operative credit union may enforce a charge —

- (a) by applying to a Magistrate of the district in which the member resides or carries on business or where the property subject to the charge is situated for a warrant of distress by certifying under seal to the Magistrate, in accordance with its bye-laws the amount due and particulars of the property so charged and the Magistrate shall

DRAFT

- issue a warrant of distress and may order the sale of the property by public auction or private treaty; or
- (b) in the Supreme Court in any case where a Magistrate lacks the jurisdiction to enforce the charge.

62. Assignment of a charge.

- (1) A co-operative credit union may borrow from any other financial institution on the security of any charge executed and registered in accordance with section 60 and may for this purpose assign any such charge to the other financial institution.
- (2) An assignment of a charge under this section shall be registered in the same manner as a charge under section 60 and that section shall apply *mutatis mutandis* to an assignment of a charge so registered.
- (3) An assignment or charge when registered shall operate as a first charge in favour of the assignee subject to section 55.
- (4) Where any charge is assigned to a co-operative credit union established with the object of facilitating the operations of other credit unions, that credit union may borrow from any bank approved by the Central Bank and for this purpose may re-assign any such charge to such bank and subsections (2) and (3) shall apply *mutatis mutandis* to such re-assignment.
- (5) For the purposes of this section “financial institution” has the same meaning as in section 3(1)(a), (b), (f) or (j)(i) of the Financial Transactions Reporting Act.

63. Bond as additional security for loan.

- (1) A co-operative credit union may require a member or officer to give a bond with or without surety as additional security for repayment of any loan and any condition thereby imposed on the member or officer relating to the payment of capital and interest shall be strictly observed and performed and on breach of any such condition the bond shall be forthwith forfeited.
- (2) Section 62 relating to the assignment of charges shall apply *mutatis mutandis* to the assignment of bonds.

64. Dormant accounts.

- (1) Where a member of a co-operative credit union has initiated no transaction, requested or acknowledged no written statement or issued no instructions with respect to the member’s deposit account, for a period of
-

seven years, that member's deposit account shall be treated as a dormant account and the credit union shall transfer to the Central Bank an amount equal to the amount owing by the credit union in respect of the account and payment accordingly discharges the credit union from all liability in respect of the account.

- (2) The seven year period referred to in subsection (1) shall be calculated in the case of a deposit made for a fixed period, from the day on which the fixed period terminated; and in the case of any other deposit, from the date on which the last member initiated transaction occurred or a statement of account was requested or acknowledged by the member, or instructions issued by the member, whichever is the later.
- (3) Where a co-operative credit union has paid to the Central Bank an amount in respect of an account, it shall keep all signature cards, signing authorities and records relating to the account on microfilm or electronically stored copies thereof until notified by the Central Bank that they are no longer required.
- (4) Where a co-operative credit union has made a payment to the Central Bank pursuant to subsection (1) of this section and the Central Bank is satisfied that a person is entitled to the amount paid, the Central Bank shall be liable to repay the amount to the credit union together with interest if interest was payable by the credit union in respect of the amount:

Provided that the interest payable by the Central Bank shall be at such rate and computed in such manner as the Central Bank may from time to time by Notice in writing determine.

- (5) Where the Central Bank repays a co-operative credit union in respect of a dormant account pursuant to subsection (4) the credit union shall be liable to pay the amount to the person entitled to receive it.
- (6) Where a payment has been made by the Central Bank pursuant to subsection (4) of this section or by a co-operative credit union pursuant to subsection (5) of this section, they shall be discharged from further liability for their respective payments.
- (7) A co-operative credit union shall be required to maintain a register of dormant accounts which shall contain the following particulars in respect of each such account —
 - (a) full name of the member;
 - (b) last known address of the member;
 - (c) last known telephone number or other contact of the member;
 - (d) account number;

DRAFT

- (e) type of account;
- (f) balance of funds on the account;
- (g) indicate whether the dormant account was subject to any fees prior to transfer to the Central Bank and indicate the amount of such fees;
- (h) date of last activity on the account;
- (i) brief description of measures taken to contact the member;
- (j) date funds were paid to the Central Bank pursuant to subsection (1) if applicable; and
- (k) such other information as the Central Bank may require.

PART VI – LOANS**65. Loans by co-operative credit unions.**

- (1) A co-operative credit union may make advances by way of loans to its members.
- (2) Except for a loan to another co-operative credit union, no loan may be made to a person who is not a member of that credit union.
- (3) Loans to directors, officers, committee members, employees, or associates thereof, and any limited company or partnership of which they are a principal stakeholder shall require the approval of the board of directors subject to any regulations prescribed by the Central Bank.
- (4) The board of directors shall record their decision to approve a loan in the minutes of the meeting at which the decision is made.
- (5) No loan may be made to a director, officer, committee member, employee or associate thereof, nor any limited company or partnership of which they are a principal stakeholder except to the extent determined in accordance with the credit policy applicable to the co-operative credit union.
- (6) A loan made in contravention of subsection (5) shall be void and shall be repaid to the co-operative credit union immediately.

66. Provisions for doubtful loans.

Every co-operative credit union shall make such allowance for doubtful loans as the Central Bank may prescribe by regulations.

67. Loan approval.

- (1) Subject to this Act, every loan granted by a co-operative credit union, must be approved in accordance with the policies established by the directors of the credit union before any funds are advanced.

-
- (2) A loan to a director, a credit committee member, a supervisory committee member, or any other committee member or an employee of a co-operative credit union or any person connected with any of them must be approved by the board of directors and in such manner as may be prescribed in regulations made under this Act.
 - (3) Any person who knowingly approves or grants a loan in contravention of this Act or regulations made under this Act shall be held liable for any losses resulting to the co-operative credit union in connection with that loan.

68. Security for loans.

Subject to any restrictions that may be prescribed in its bye-laws, a co-operative credit union may take any security for loans that it considers advisable in keeping with sound business practices.

69. Loan limits.

- (1) Loans may be made only to members.
- (2) The bye-laws of every co-operative credit union shall provide for limits on the amounts of loans to any one member or as to the type of loans which may be granted.

70. Reporting loans.

Where a co-operative credit union is reporting loans on the balance sheet in its annual financial statements, it shall report the loans at their net estimated value after deducting an allowance for doubtful loans, or in any other format as may be prescribed by the Central Bank.

71. Interest on loans.

- (1) The Central Bank may by regulation prescribe the maximum intervals at which interest on loans must be paid.
- (2) Where the borrower has not paid the interest on his loan for such period as the Central Bank may prescribe in regulations issued under this Act, the co-operative credit union shall not include that interest as income.

DRAFT

PART VII - CREDIT COMMITTEE

72. Credit committee.

- (1) Every co-operative credit union shall have a credit committee which shall consist of no less than three members and no more than five members, who shall be determined in accordance with the procedure specified in subsection 22(4) and 22(5).
- (2) The bye-laws of the credit union may provide for appointment or election and retirement of members of the credit committee in rotation.
- (3) No person who is a member of the board of directors, the Supervisory Committee or who is an employee of the credit union shall be a member of the credit committee.
- (4) The credit committee shall comprise persons having had experience of or shown capacity in matters relating to accounting, finance, or lending.
- (4) No member shall be a member of the credit committee unless he has attained the age of eighteen years.
- (5) A majority of members of the credit committee constitute a quorum.
- (6) At an election of members of the credit committee, a member entitled to vote may cast a single vote in respect of each candidate, but no candidate shall receive more than one vote from each member.
- (7) Where a vacancy occurs in the credit committee, the board of directors may fill the vacancy until the next annual meeting of the credit union.

73. Duties of credit committee.

The credit committee shall perform such duties as are prescribed by this Act, the regulations and the bye-laws of the co-operative credit union.

74. Ceasing to be a member of the credit committee

When a member of a credit committee appointed by the Board fails to attend three consecutive meetings without, in the opinion of the board, having a reasonable cause therefore or fails to perform any of the duties allotted to him as a member of the committee, his position on the committee may be declared vacant by the board who may then appoint a qualified person to fill the vacancy until the next annual meeting of the co-operative credit union.

75. Removal by members.

- (1) The members may, by resolution passed by two-thirds of the votes cast at a special general meeting called for the purpose, remove an elected member of the credit committee before the expiration of his term of office, and shall at that meeting elect another member in place of the first mentioned member for the unexpired portion of his term.
- (2) The notice calling the meeting of members referred to in subsection (1) shall specifically state that the purpose of the meeting is to review the composition of the credit committee.
- (3) Where a meeting has been called pursuant to subsection (1) for the removal of a member of the credit committee, the member has the right, at the meeting called for his removal, to make such representations to the members regarding the resolution for his removal as he thinks fit, and may be represented by an attorney-at-law or an agent.

76. Loan approval.

- (1) The board may, upon such terms and conditions as it specifies, authorize the manager or other employee of the co-operative credit union to approve loans to members within an approved limit as prescribed in the bye-laws.
- (2) Any person authorized to approve loans under subsection (1) shall submit a written monthly report to the credit committee stating the number of loan applications received, the number of loans granted and declined and the security, if any, obtained for such loans.

77. Credit committee reports.

The credit committee shall —

- (a) meet at least once every month;
- (b) keep minutes of its meetings;
- (c) submit a report to the board of directors stating —
 - (i) the number of loan applications received;
 - (ii) the number and category of loans granted;
 - (iii) the security obtained for such loans;
 - (iv) applications denied; and
 - (v) delinquent loans.
- (d) submit an annual report on the matters referred to in paragraph (c) to the annual meeting of the co-operative credit union.

DRAFT

PART VIII - SUPERVISORY COMMITTEE

78. Supervisory committee.

- (1) Every co-operative credit union shall have a supervisory committee which shall be elected by the members at the annual general meeting.
- (2) The supervisory committee shall consist of the number fixed by the bye-laws, which shall be no fewer than three.
- (3) No person who is a member of the board of directors or credit committee or who is an employee of the co-operative credit union shall be a member of the supervisory committee.
- (4) No member shall be a member of the supervisory committee unless he has attained the age of eighteen years.
- (5) A majority of members of the supervisory committee constitutes a quorum.
- (6) Where a vacancy occurs in the supervisory committee, the supervisory committee members may fill all vacancies until the next annual meeting of the co-operative credit union.

79. Duties of the supervisory committee.

- (1) The supervisory committee shall examine the books of the co-operative credit union, confirm the cash instruments, property and securities of the credit union and confirm the deposits of the members and perform such other duties as are prescribed by this Act, regulations made under this Act and the bye-laws of the credit union.
- (2) The supervisory committee shall—
 - (a) meet at least every two months, and where no auditor has been appointed pursuant to section 90, shall meet monthly and shall at each such meeting examine the affairs of the co-operative credit union;
 - (b) meet with the board of directors at least quarterly;
- (3) The supervisory committee shall keep minutes of its meetings and shall —
 - (a) lodge the minutes of such meetings with the Secretary of the co-operative credit union;
 - (b) within seven days of each meeting, report the results thereof in writing to the board of directors; and

- (b) submit a written report to the annual meeting of the members of the credit union.

80. Compliance officer.

- (1) The board of directors shall appoint a senior qualified professional to monitor and periodically report to the supervisory committee and the board on the levels of awareness of, adherence and compliance of the co-operative credit union with this Act and in respect of the internal operations of the credit union.
- (2) The compliance officer shall ensure the co-operative credit union is in compliance with the relevant legislation on the prevention of money laundering and terrorist financing.
- (3) The board of directors may appoint such persons as it considers necessary to assist the supervisory committee in its duties, and may pay those persons such remuneration as it thinks fit.

81. Internal Audit Function.

- (1) Every co-operative credit union shall establish an internal audit function.
- (2) The internal audit function shall be carried out by an internal auditor.
- (3) The Board may appoint —
 - (a) a senior officer of the credit union; or
 - (b) a chartered accountant.to carry out the internal audit function pursuant to subsection (2).
- (4) The internal audit function shall be performed independently of other departments in the credit union and the internal auditor shall report to the supervisory committee on —
 - (a) the adequacy of the internal controls of the credit union;
 - (b) compliance with the internal control procedures of the credit union;
 - (c) instances of non-compliance with the credit union's system of internal controls;
 - (d) any material weaknesses in the credit union's system of internal controls;
 - (e) recommended procedures to eliminate any material weaknesses in the credit union's system of internal controls; and
 - (f) such other matters as the board may direct.

DRAFT

82. Misappropriation, etc.

- (1) When the supervisory committee has reasonable cause to believe that the funds, securities or other property of the co-operative credit union have been misappropriated or misdirected, or in the event that the bye-laws of the credit union, this Act or regulations made under this Act have been contravened by the board of directors, the credit committee or a member thereof or an officer or employee engaged by the board of directors, the supervisory committee shall forthwith inform the board of directors and the Central Bank in writing.
- (2) The supervisory committee shall forthwith request the board to appoint an auditor or some other body to assist it in determining whether any of the funds, securities or other property of the credit union have been misappropriated or misdirected and the remuneration of any auditor or other body so appointed shall be determined by the supervisory committee and paid by the credit union.
- (3) In any case where the board of directors fails to appoint an auditor within fourteen days (hereinafter referred to as “the initial period”) after a request is made pursuant to subsection (2), the supervisory committee shall appoint an auditor within seven days next following the end of the initial period.
- (4) In the event of a misappropriation or misdirection or a suspected misappropriation or suspected misdirection as referred to in subsection (1), the supervisory committee may recommend the suspension of any member of the board of directors to the Central Bank in writing and the Central Bank may suspend any member of the board of directors by Notice in writing, if the Bank is of the view that there are reasonable grounds for such suspension.
- (5) The supervisory committee shall forthwith request the board to summon a special general meeting of the members to be held within fourteen days after the suspension referred to in subsection (4); and where the board fails to summon such a meeting the supervisory committee shall summon the meeting within seven days after the expiry of the period of fourteen days.
- (6) The supervisory committee shall report to the general meeting all the circumstances of any misappropriation or misdirection of funds, securities or other property and the reasons for any suspension.
- (7) The members of the credit union may, by resolution, dismiss from office any person suspended under subsection (4), and, when the members of the

credit union do not dismiss from office any person so suspended, that person shall be reinstated forthwith.

83. Ceasing to be a member of the supervisory committee.

When a member of the supervisory committee fails to attend three consecutive meetings of the committee without having a reasonable cause therefore, or fails to perform any of the duties allotted to him as a member of the committee, his position on the committee may be declared vacant by the remaining members of the committee who may appoint a qualified person to fill the vacancy until the next annual meeting of the co-operative credit union.

84. Removal by members.

- (1) The members may, by resolution passed by two-thirds of the votes cast at a special general meeting duly called for the purpose, remove a member of the supervisory committee before the expiration of his term of office, and shall by vote cast at the meeting elect another member in his stead for the unexpired portion of his term.
- (2) The notice calling the meeting of members referred to in subsection (1) shall state that the purpose of the meeting is to review the composition of the supervisory committee.
- (3) Where a meeting has been called pursuant to subsection (1) for the removal of a member of the supervisory committee, the member of the supervisory committee has the right, at the meeting called for his removal, to make such representations to the members regarding the resolution for his removal as he thinks fit, and may be represented by an attorney-at-law or an agent.

PART IX - INVESTMENTS AND BORROWINGS

85. Investment of funds.

A co-operative credit union may invest its funds —

- (a) in any credit union or bank approved by the Central Bank;
- (b) in any securities issued or guaranteed by the Government;
- (c) in the shares or on the security of any other institution with limited liability approved by the Central Bank;
- (d) in any other manner permitted by the Central Bank.

DRAFT

86. Borrowing Limits.

A co-operative credit union shall not borrow funds in excess of ten percent of its total assets.

PART X - DEPOSITS, STATUTORY REQUIREMENTS**87. Deposits.**

A co-operative credit union may —

- (a) receive deposits from members; and
- (b) pay any or all of the deposit and any or all of the interest on the deposit to or to the order of that member unless, before payment, the money so deposited is claimed by some other person—
 - (i) in any action or proceeding to which the credit union is a party and in respect of which service of a writ or other process originating such action or processing has been made on the credit union; or
 - (ii) in any other action or proceeding pursuant to which an injunction or order made by the court requiring the credit union not to make payment of the money or to make payment of it to a person other than the depositor has been served on the credit union, and in that case the money so deposited may be paid to the depositor with the consent of the claimant or to the claimant with the consent of the depositor.

88. Credit facilities.

- (1) Subject to the provision of any bye-laws of a credit union, a credit union may receive deposits and loans from persons who are not members of the credit union for the purpose of meeting any of its obligations or discharging any of its functions under this Act.
- (2) A credit union may by mortgage or in any other manner it deems appropriate guarantee the repayment of any sums received by it pursuant to subsection (1).

89. Statutory Reserve, Liquidity Deposit and Stabilization Funds, and disposal thereof.

- (1) Where a co-operative credit union realizes an annual surplus from its transactions, that credit union shall establish and maintain a statutory reserve in accordance with such requirements as may be prescribed by the Central Bank in regulations.
- (2) Every co-operative credit union shall ensure that —
 - (a) not less than ten percent of its members' deposits are kept in a liquidity deposit fund in accordance with the requirements under the regulations;
 - (b) its statutory reserves, retained earnings, qualifying shares and equity shares are at no stage, less than ten percent of its total assets; and
 - (c) if the amount in paragraph (b) is below ten percent, the credit union must cease lending and notify the Central Bank.
- (3) Every co-operative credit union shall contribute annually to a stabilisation fund, in an amount to be determined by the Apex body.
- (4) Where an Apex Body has not been established or is not functioning, the liquidity deposit, statutory reserves and stabilization funds shall be administered by a person or body of persons as determined by the Central Bank, after consultation with the respective credit unions.

PART XI - AUDIT, INQUIRY AND INSPECTION**90. Audit.**

- (1) The board of every co-operative credit union shall at its own expense, cause the accounts of the credit union to be audited at the end of each financial year by an auditor appointed by the Board for this purpose; and within fourteen days of the appointment of the auditor, notify the Central Bank of the appointment.
- (2) Upon the expiration of the period of three months after the end of the financial year, if the board has failed to effect an audit, the Central Bank shall cause an audit to be carried out by an auditor appointed by the Central Bank.
- (3) The Central Bank may at any time require a co-operative credit union to replace an auditor by notice in writing delivered to the usual place of business of the credit union and of the auditor.

DRAFT

- (4) An auditor appointed under subsection (1) or (2) must be a licensee of the Bahamas Institute of Chartered Accountants.
- (5) The board of a co-operative credit union shall not cause the accounts of a credit union to be audited by the same auditor for a period exceeding six consecutive financial years, and must ensure that a period of three years has elapsed before the auditor is re-appointed.
- (6) Every co-operative credit union shall within four months of the credit union's financial year end submit a true and full yearly statement of the credit union's accounts to the Central Bank together with a copy of the corresponding management letter and the auditor of the credit union shall certify that such statement is properly drawn up so as to exhibit a true and correct view of the state of the credit union's affairs as shown by the books of the credit union.
- (7) The auditor shall ensure that the financial statements and the accompanying notes issued state whether or not the co-operative credit union is compliant with the requirements under this Act and the regulations made under this Act.
- (8) An auditor of a co-operative credit union shall —
 - (a) have power at the time of the audit to summon any officer, agent, servant or member of a credit union or any other person, whom they have reason to believe can give valuable information regarding any transactions of the credit union, their affiliated companies and the management of its affairs;
 - (b) have the right of access at all times to the books, accounts vouchers, documents of the credit union or any book or document relating to any cash or securities belonging to the credit union and affiliated companies and be entitled to require from the credit union such information and explanations as he reasonably considers necessary for the performance of his duties as auditor;
 - (c) give the Inspector immediate written notification of the following matters —
 - (i) his intention to resign before the expiration of his term of office as auditor;
 - (ii) his intention not to seek to be reappointed as auditor; and
 - (iii) his decision to include a modification of his report on the credit union's financial statements and, in particular, a qualification or denial of his opinion, or the statement of an adverse opinion.

-
- (9) An audit commissioned by the Central Bank shall be completed within three months after the receipt of the written commission from the Central Bank, and the audit report and written comments and suggestions thereon, if any, shall be submitted to the Central Bank and the Central Bank shall immediately transmit the same to the board of the relevant co-operative credit union.
 - (10) Upon receipt of an audit report and comments and suggestions thereon the board shall cause the same to be brought to the attention of the members of the co-operative credit union in an appropriate manner within six months after the end of the financial year.
 - (11) Every co-operative credit union shall pay the expenses incurred by its external auditor in the performance of his duties and obligations set out in this Part.

91. Notice of Insolvency.

Any co-operative credit union which is or is likely to become insolvent, or which is or is likely to become unable to meet its obligations, or which has suspended or is about to suspend payments, shall immediately inform the Central Bank of that fact.

92. Dissolution of board of a co-operative credit union.

- (1) Where the Central Bank is of the opinion after an on-site examination or based on other credible evidence which has come to the Central Bank's attention, that the board of any co-operative credit union is not performing its duties properly, it may, after objections, if any, made by the Board or other affected person and after considering such objections, at a general meeting of the credit union summoned by the Central Bank, by order in writing —
 - (a) cause a new board to be elected;
 - (b) direct that the affairs of the credit union shall be managed and administered by a suitable individual or organization; or
 - (c) dissolve the board.
- (2) Subject to subsection (3), every direction under subsection (1)(b) shall have effect for such period not exceeding one year as may be specified in the order containing such direction.
- (3) The Central Bank may in its discretion from time to time amend the order for the purpose of extending the period during which the direction shall have effect.

DRAFT

- (4) Where any order is made under subsection (1), the Central Bank shall by the same or subsequent order appoint a fit and proper person or two or more such individuals or organization to manage and administer the affairs of the credit union, and may from time to time remove or replace any such appointee.
- (5) Subject to the general direction and control of the Central Bank, any appointee under this section to manage the affairs of a registered credit union —
 - (a) shall have the power to recover the assets and discharge the liabilities of the credit union and take such other steps as may be necessary in its interest; and
 - (b) may exercise all the powers, rights and privileges of a duly constituted committee of the credit union.
- (6) Appointees under this section to manage the affairs of a credit union shall be jointly and severally responsible for any loss sustained through any such acts committed by them as are contrary to any enactment or the bye-laws of the credit union.
- (7) The Central Bank may fix the remuneration payable to any appointee under this section to manage the affairs of a credit union, and the amount of such remuneration and other expenses, if any, incurred in the management of the credit union shall be payable from the funds of the credit union.
- (8) It shall be the duty of the appointee under this section to arrange for the election of a new board in accordance with the bye-laws of the credit union prior to the date upon which his appointment shall expire.
- (9) No order under subsection (1) shall be made by the Central Bank in respect of any credit union, if the credit union is indebted to any bank, financial institution, or creditor except after prior consultation with these institutions in regard to the dissolution of the board and to the persons by whom and the manner in which the affairs of the credit union are to be managed and administered.
- (10) Nothing in this section shall be deemed to affect the power of the Central Bank to cancel or suspend the registration of the credit union under section 19.

PART XII - DISPUTES AND APPEALS

93. Registered Co-operative Credit Unions Appeal Tribunal.

- (1) There shall be a Co-operative Registered Credit Unions Appeal Tribunal which shall consist of three persons, one of whom shall be an attorney-at-law of at least ten years standing.
- (2) The persons who shall constitute the Tribunal shall be appointed for a period of not less than three years and;
 - (a) the attorney-at-law shall be appointed by the Minister;
 - (b) the second member shall be appointed by the Central Bank; and
 - (c) the third member shall be appointed by the Apex body.
- (3) A party aggrieved or adversely affected by an order or decision of the Central Bank or an arbitrator under this Act may appeal from the decision or order to the Registered Co-operative Credit Unions Appeal Tribunal, within sixty days of such order or decision.
- (4) The decision of the Tribunal on a question of fact shall be final and may not be called into question in any court and shall be enforced in the same manner as if the decision had been a judgment of a civil court; but a decision of the Registered Co-operative Credit Unions Appeal Tribunal on a question of law may be appealed to the Supreme Court.
- (5) The Minister may by Order prescribe the procedure of the Tribunal.
- (6) The members of the Tribunal shall receive such remuneration as the Minister determines, being not less than five hundred dollars per case.

94. Settlement of disputes.

- (1) Where any dispute that relates to the business of a co-operative credit union arises —
 - (a) among members, past members and persons claiming through members, past members and deceased members;
 - (b) between a member, past member, or a person claiming through a member, and the credit union, its board or any officer of the credit union;
 - (c) between the credit union and any other credit union;
 - (d) between the credit union or its board and any officer or employee of the credit union,the dispute shall be referred to the Central Bank for a determination.

DRAFT

- (2) The Central Bank or a person appointed by the Central Bank may before proceeding to hear or determine a dispute, make or cause to be made a preliminary investigation with the object of ascertaining the causes, defining the issues and endeavouring to bring about a voluntary settlement between the parties to the dispute.
- (3) Where a dispute is referred to the Central Bank under subsection (1) the Central Bank may —
 - (a) decide the dispute itself; or
 - (b) refer the dispute to an arbitrator or arbitrators appointed by it.
- (4) For the purpose of hearing any dispute, the Central Bank or arbitrator, as the case may be, may administer oaths and may require the attendance of all parties concerned and witnesses, and the production of all books, documents and things relating to the dispute.
- (5) The Central Bank or the arbitrator, as the case may be, shall also have the power to order the expenses of determining any dispute including fees to legal practitioners to be paid either out of the funds of the credit union or by such parties as it determines.
- (6) A party aggrieved by a decision of the Central Bank or an arbitrator may appeal to the Registered Co-operative Credit Unions Appeal Tribunal within sixty days of such order or decision.
- (7) Where there is no appeal under subsection (6), the decision of the Central Bank and an award of an arbitrator may be filed in the Supreme Court or in the Magistrate's Court for the district where the credit union is located and shall be registered in the court in which it is filed and after the expiration of fourteen days after it is filed and registered, it shall be deemed to have the same force and effect as a judgment of the court in which it is registered and shall be enforced accordingly by the person who filed the decision or award.
- (8) For the purposes of this section, the chairman or other officer of the Apex body may serve as an arbitrator.
- (9) Notwithstanding anything in this section, a credit union may exercise any rights arising under any charges, mortgages, bills of sale or other securities duly executed in accordance with this Act or any other law without recourse to the Central Bank or to arbitration.
- (10) For the purposes of subsection (1) a claim by a credit union for a debt or demand due to it from a member, former member or a personal representative of a deceased member is not a dispute that relates to the business of a credit union within the meaning of subsection (1).

95. Case stated on question of Law.

- (1) Notwithstanding anything contained in sections 93 and 94, the Central Bank or an arbitrator may in the course of or making a determination in a dispute refer a question of law arising therefrom to the Supreme Court, by way of case stated for the opinion of that court.
- (2) A Judge of the Supreme Court may consider and determine any question of law so referred.

PART XIII- RESTRUCTURING OF CO-OPERATIVE CREDIT UNIONS

96. Methods of restructuring.

The restructuring of a co-operative credit union may be effected by any of the following methods:

- (a) by amalgamation with another credit union to form a single credit union;
or
- (b) by the transfer of the assets and liabilities of one credit union to another credit union.

97. Amalgamation of co-operative credit unions.

- (1) Any two or more co-operative credit unions may, with the approval of the Central Bank by a resolution passed by not less than three fourths of all the members of each credit union present and voting at a special meeting called for the purpose, amalgamate as one credit union.
- (2) Where the resolution referred to in subsection (1) is passed, each credit union shall apply to the Central Bank for cancellation of its registration and the credit unions shall jointly make application for the registration of the amalgamated credit union.
- (3) The registration of an amalgamated co-operative credit union shall be deemed to be sufficient to vest the assets and liabilities of the amalgamating credit unions in the amalgamated credit union.

98. Transfer of assets of co-operative credit unions.

- (1) A co-operative credit union may, with the approval of the Central Bank, by resolution passed by not less than three-fourths of all the members present and voting at a special general meeting called for that purpose, agree to transfer its assets and liabilities to any other credit union which has agreed to accept them.

DRAFT

- (2) An acceptance by another credit union under subsection (1) shall be evidenced by a resolution of not less than three-fourths of the members of that other credit union present and voting at a special general meeting called for that purpose.
- (3) On the passing of a resolution referred to in subsections (1) and (2), the transferring credit union shall apply to the Central Bank for cancellation of its registration and the transferee credit union shall submit to the Central Bank a copy of its resolution agreeing to the transfer.
- (4) A cancellation of registration and a submission of a resolution agreeing to accept a transfer shall be deemed to be sufficient to vest the assets and liabilities of the transferor in the transferee.

99. Claims of objecting creditors.

Notwithstanding sections 98 and 99, no amalgamation or transfer shall be effected —

- (a) unless the creditors of the credit unions concerned are given three months written notice of the proposals; and
- (b) where any creditor objects in writing to the proposal, any claims against the credit unions are first satisfied.

PART XIV - WINDING UP AND ANCILLARY MATTERS**100. Winding up.**

- (1) Where the Central Bank, after an on-site or off-site examination of the affairs of a co-operative credit union under Part II, is satisfied that the credit union is insolvent or unable to meet the minimum capital adequacy requirement stipulated in this Act and that—
 - (a) it is unlikely to meet the demands of the depositors of the credit union; or
 - (b) its continuation in business is likely to involve a loss to the members of the credit union or to the creditors of the credit union, the Central Bank may make an order directing it to be wound up and may appoint a liquidator for that purpose and fix his remuneration, which shall be paid out of the funds of the credit union.
- (2) Where no liquidator has been appointed the assets and liabilities of the credit union shall vest in the Central Bank for a period not exceeding twelve months.

101. Winding up by virtue of reduced membership.

The Central Bank may, by order in writing, having published a notice of its intention to issue the order thirty days before making the order, direct a co-operative credit union to be wound up, if at any time it is proved to the satisfaction of the Central Bank that the membership has been reduced to less than the required number, or that the credit union is not in operation or carrying on business.

102. Voluntary winding up.

- (1) Subject to the approval of the Central Bank, the members of a co-operative credit union may, by resolution supported by at least two-thirds of all the members—present at a special general meeting called for that purpose, authorize the winding up of that credit union.
- (2) The board shall cause a notice of a general meeting of the members to be sent to each member for the purpose of authorizing the winding-up.
- (3) The members of a credit union may, at the meeting to be held for the purpose of authorizing the winding-up, appoint a liquidator.
- (4) Where the Central Bank —
 - (a) receives notice, in a form satisfactory to the Central Bank, or an authorization to wind-up a credit union;
 - (b) is satisfied that it is in the best interest of the credit union and its members,the Central Bank may approve the winding-up.
- (5) An authorization approved pursuant to subsection (4) shall specify —
 - (a) the assets and liabilities of the credit union;
 - (b) the claim of any creditors;
 - (c) the number of members of the credit union; and
 - (d) the nature and extent of the members' interests in the credit union.
- (6) Where a credit union is wound-up under this section, any surplus assets remaining after all claimants have been paid shall be utilized in the manner specified in section 107.

103. Power of Central Bank pursuant to a winding up order.

- (1) Where the Central Bank cancels the registration of a co-operative credit union pursuant to section 19, the assets and liabilities of the credit union shall immediately vest with the Central Bank and the Central Bank shall have in respect of those assets and liabilities the powers of a liquidator under section 104.

DRAFT

- (2) The Central Bank may delegate its power as a liquidator to a suitably qualified person; but any such delegation shall be revocable at will and shall not preclude the Central Bank from exercising the power.
- (3) The Central Bank may publish in the Gazette, notice of the delegation of its power as liquidator.

104. Powers of a liquidator.

A liquidator appointed under subsection 100(1) shall be granted such powers as may be prescribed by the Central Bank.

105. Power of Central Bank to control liquidator.

A liquidator shall exercise his powers subject to the powers of the Central Bank and the Central Bank may —

- (a) rescind or vary an order made by a liquidator and make whatever new order it deems appropriate;
- (b) remove the liquidator from office;
- (c) call for all books, documents and assets of a co-operative credit union;
- (d) by order in writing limit the powers of the liquidator under section 104;
- (e) require accounts to be rendered to it by the liquidator;
- (f) procure the auditing of the accounts of the liquidator and authorize the distribution of the assets of a co-operative credit union;
- (g) make an order for the remuneration of the liquidator; and
- (h) refer any subject to dispute between a liquidator and any third party to arbitration if that party consents in writing to be bound by the decision of the arbitrator.

106. Cancellation of registration consequent upon winding up.

Where the Central Bank makes an order cancelling the registration of a co-operative credit union, the credit union shall be deemed to be dissolved from the date of such order.

107. Disposal of surplus assets.

After all the liabilities including the paid-up share capital of a cancelled co-operative credit union have been met, any surplus assets shall not be divided amongst its members but shall be devoted to any object contained in the bye-laws of the credit union and when no object is so contained, to any object of public utility determined by the general meeting of the credit union and approved by the Central Bank, or such assets, as the members so agree, may be

assigned by the Central Bank in whole or in part to either or both of the following —

- (a) an object of public utility of local interest;
- (b) a charitable purpose;
- (c) the development fund of the Apex body,

or may be placed on deposit with a bank or other financial institution approved by the Central Bank until such time as a credit union with similar objects and bye-laws is registered when with the consent of the Central Bank such surplus assets may be credited to the reserve fund of such new credit union.

108. Power of Central Bank to surcharge officers etc. of a co-operative credit union.

- (1) Where in the course of on-site examinations or off site surveillance as in Part II or an audit under section 90, or a liquidation of a co-operative credit union, it appears that any sum of money is due to the credit union from any person who or which has taken part in the organization or management of the credit union, the Central Bank may, of its own motion or upon the application of the board or liquidator or any creditor or contributor to the credit union, as the case may be, examine the conduct of such person or group of persons and make an order requiring him or such group to -
 - (a) repay with such interest as the Central Bank thinks fit such money or part thereof;
 - (b) restore such property or part thereof; or
 - (c) contribute such sum as the Central Bank thinks fit to the assets of the credit union by way of compensation.
- (2) Before making an order under subsection (1) against any person or group of persons, the Central Bank shall give that person or group of persons an opportunity to be heard and to show cause why such order should not be made.
- (3) Where an order under subsection (1) has not been complied with, such sum may be recovered by the credit union on application to—
 - (a) a Magistrate's court having jurisdiction in the registered place of business of the credit union, as though it were a fine imposed by sentence of a Magistrate, and in default of payment, the Magistrate, may impose a sentence of imprisonment in respect of such persons or group of persons, for a term not exceeding six months or until due payment is made or whichever is earlier; or

DRAFT

- (b) to the Supreme Court in any case where a Magistrate's court lacks the jurisdiction to hear the application.
- (4) Neither the preceding provisions of this section nor the making of any order thereunder may be deemed or construed to preclude or otherwise affect the institution or maintenance of a prosecution against any person or group of persons referred to in subsection (1) in respect of any offences under any other written law.

109. Attachment of property.

Where the Central Bank is satisfied that any person with the intent to defraud or delay the execution of any decision that may be given in a dispute referred to the Central Bank or to any arbitrator is about to dispose of the whole or any part of his property, the Central Bank may, unless adequate security is furnished, apply to —

- (a) a Magistrate's Court of the district in which the property is situated for an order for the conditional attachment of such property and the Magistrate may, if he considers it to be in the interest of justice, make such an order; or
- (b) the Supreme Court, in any case where a Magistrate's court lacks the jurisdiction to hear the application.

110. Enforcement.

An order made by a liquidator or the Central Bank under this part shall be enforced in all respects as an order of the Supreme Court.

111. Limitation of jurisdiction of civil court.

Except to the extent provided in this Part, no civil court shall have any jurisdiction, in respect of any matter concerned with the winding-up of a credit union.

PART XV - APEX BODY**112. Establishment and constitution of Apex Body.**

The membership of the Apex Body established under section 115 of the Cooperative Societies Act shall, for the purpose of this Act, include co-operative credit unions registered under this Act.

113. Functions of Apex Body.

- (1) The Apex Body shall, for the purpose of this Act, be a co-operative credit union and shall co-ordinate, assist and promote all credit unions and shall perform such functions as may be determined by its constituent members.
- (2) Without prejudice to subsection (1), an Apex Body shall have the responsibility for the administration and management of its member's stabilization fund, liquidity deposit fund and statutory reserve fund, as established under section 89.
- (3) An Apex Body shall -
 - (a) pay market rates of return on money under its administration;
 - (b) invest in cash, government securities, government guaranteed investments or other investments as approved by the Central Bank; and
 - (c) establish an investment committee comprised of three individuals, one of whom shall be a member of the board of the Apex Body.
- (4) An investment committee established pursuant to subsection (3)(c) shall —
 - (a) comprise individuals who have a sound understanding of investment risks and liquidity management and shall be appointed for terms of two or three years each; and
 - (b) carry out the following functions —
 - (i) establish the Apex Body's investment policies; and
 - (ii) coordinate and oversee the investment portfolio of the Apex Body.
- (5) The appointment of the members of the investment committee pursuant to subsection (3)(c) shall be subject to the approval of the Central Bank.

114. Management.

- (1) Each co-operative credit union shall appoint one of its directors to hold office at the first meeting, and subsequent annual meetings of the Apex Body.
- (2) The appointee shall hold office for a staggered period of either one, two or three years in accordance with the bye-laws of the Apex Body.
- (3) No director of an Apex Body may hold office —
 - (a) for more than two consecutive terms;
 - (b) in any case where such person has ceased to be a director of a co-operative credit union that is a member of the Apex Body.
- (4) The board of an Apex Body is subject to the requirements of section 21 of this Act.

DRAFT

- (5) Directors of an Apex Body are subject to such qualification requirements as may be prescribed by regulation.
- (6) Notwithstanding the provisions of subsection 35(1), the quorum for a meeting of the Apex Body shall be a simple majority.
- (7) The Apex Body is exempt from establishing a liquidity deposit fund.

115. Consultation with the Central Bank.

The Central Bank may, from time to time, consult with the Apex Body, on matters relating to the development of co-operative credit unions.

PART XVI – OFFENCES**116. Corrupt practices and bribery.**

- (1) A member, director, committee member, agent or employee of a co-operative credit union who corruptly accepts, agrees to accept, obtains or attempts to obtain whether for himself or another, any gift or consideration as an inducement or reward for doing or forbearing to do any act relating to the business of the credit union or for showing favour or disfavour to any person in relation to the business of the credit union and any person who corruptly gives, agrees to give or offers such gift or consideration to any member, director, committee member, agent or employee of a credit union as such inducement or reward, commits an offence and is liable on summary conviction to a fine of two thousand dollars or to a term of imprisonment for five years.
- (2) In this section, “consideration” includes valuable consideration of any kind.

117. Falsely obtaining property of co-operative credit union.

- (1) A person who obtains possession of any property of or is granted any loan by a co-operative credit union by false representation or other corrupt means commits an offence and is liable on summary conviction to a fine of one thousand dollars.
- (2) In any proceedings under this section the person accused may in addition to any penalty imposed be ordered to deliver up any property or repay any sum of money to which the proceedings relate and pay the cost of the proceedings.

118. Failure to comply with the Act, etc.

- (1) A co-operative credit union or any officer or member thereof or any other person who fails without reasonable cause or wilfully neglects or refuses to comply with any requirements of this Act or any order given for the purposes of and in accordance with this Act or to furnish any information or who purporting to comply with any such requirement knowingly furnishes false information, commits an offence.
- (2) A person who wilfully or without reasonable cause disobeys any summons, order or direction lawfully issued under this Act, commits an offence.
- (3) An officer or member of a credit union who wilfully contravenes the by-laws of the credit union relating to his duties or functions as such officer or member commits an offence.
- (4) A person that commits an offence under this section is liable on summary conviction to a fine of two thousand dollars.

119. Dealing in property subject to charge.

- (1) A person who fraudulently or clandestinely removes any property comprised in a charge created in favour of a co-operative credit union under section 60 from the place where such property was situated at the time of the execution of the charge or who knowingly disposes of or deals with or attempts to dispose of or deal with such property without first obtaining in writing leave of the credit union, commits an offence and is liable on summary conviction to a fine of one thousand dollars and to a term of imprisonment for one year.
- (2) Where any person who has received a loan from a credit union is convicted of an offence under this section there may be imposed on him notwithstanding any penalty specified in subsection (1) an additional penalty equal to such amount of the loan with interest as has not been repaid to the date of the conviction and the payment of such additional penalty shall discharge the liability of the borrower to repay the loan.
- (3) Where the court has imposed an additional penalty specified in subsection (2) and that penalty is not paid, the court may order that the person convicted under this section and who has defaulted in the payment of the additional penalty be imprisoned for six months in respect of such default.

DRAFT

120. Offences with respect to reports.

- (1) A person commits an offence, who makes or assists in making a report, return, notice or other document, required in this Act to be sent to the Central Bank or to any other person, that -
 - (a) contains an untrue statement in respect of a material fact;
 - (b) omits to state a material fact required in the report or necessary to make a statement contained in the report not misleading in the light or the circumstances in which it was made.
- (2) A person who commits an offence under subsection (1) is liable on summary conviction
 - (a) in the case of an individual, to a fine of five thousand dollars or to a term of imprisonment of one year or to both;
 - (b) in the case of a body corporate, to a fine of twenty thousand dollars.
- (3) Where the person referred to under subsection (1) is a body corporate and whether or not the body corporate has been prosecuted or convicted, any director or officer of the body corporate who knowingly authorises, permits or acquiesces in the offence also commits an offence and is liable on summary conviction to a fine of five thousand dollars or to a term of imprisonment of one year or to both.
- (4) No person commits an offence under subsection (1) or (3) where the untrue statement or omission -
 - (a) was unknown to him; and
 - (b) in the exercise of reasonable diligence, could not have been known to him.

PART XVII – MISCELLANEOUS**121. Confidentiality**

- (1) No person who has acquired information in his capacity as —
 - (a) director, officer, employee or agent of any co-operative credit union or former co-operative credit union;
 - (b) counsel and attorney, consultant or auditor of the Central Bank or as an employee or agent of such counsel and attorney

-
- consultant or auditor;
- (c) counsel and attorney, consultant, auditor, accountant, receiver or liquidator of any co-operative credit union or former credit union or as an employee or agent of such counsel and attorney, consultant, auditor, accountant, receiver or liquidator;
- (d) auditor of any member of any co-operative credit union or former credit union or as an employee or agent of such auditor; shall, without the express or implied consent of the member concerned, disclose to any person any such information relating to the identity, assets, liabilities, transactions or accounts of a member of a credit union or relating to any application by any person under the provisions of this Act, as the case may be, except —
- (i) for the purpose of the performance of his duties or the exercise of his functions under this Act, if any;
- (ii) for the purpose of the performance of his duties within the scope of his employment;
- (iii) when a credit union is lawfully required to make disclosure by any court of competent jurisdiction within The Bahamas, or under the provisions of any law of The Bahamas;
- (iv) for the purpose of enabling or assisting the Governor to exercise any functions conferred upon him by any written law;
- (v) to a person with a view to the institution of, or for the purpose of —
- (A) criminal proceedings;
- (B) disciplinary proceedings, relating to the exercise by a counsel and attorney, auditor, accountant, valuer or actuary of his professional duties; or
- (C) disciplinary proceedings relating to the discharge by a public officer or a member or employee of the Central Bank of his duties.

122. Evidence of documents and of entries in books.

- (1) A copy of any entry in a book of a co-operative credit union regularly kept in the course of business shall, if certified in such manner as may be prescribed in the bye-laws of the credit union, be received in any legal proceedings, civil or criminal, as prima facie evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions

DRAFT

and accounts therein recorded in every case where, to the same extent as, the original entry itself is admissible.

- (2) No officer of any credit union, in any legal proceedings to which the credit union is not a party can be compelled to produce any of the books of the credit union, the contents of which can be proved under subsection (1) or to appear as a witness to prove any matters, transaction or accounts therein recorded, unless the Tribunal for special reasons so directs.
- (3) Every copy of rules or other instruments or documents, and every extract of an instrument or document, bearing the seal of the Central Bank, shall be received in evidence without further proof; and every document purporting to be signed by the Governor or other officer of the Central Bank under this Act shall, in the absence of any evidence to the contrary, be received in evidence without further proof of the signature.

123. Exemption from stamp duties and other fees.

- (1) Every co-operative credit union registered under this Act is exempt from any stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of such credit union or by an officer or member relating to the business of such credit union, any class of such instruments, are respectively chargeable.
- (2) Instruments or transactions relating to any loan granted under this Act shall be exempt from the payment of stamp duty under the Stamp Act.

124. Non-application of certain Acts. Ch. 308., Ch. 313., Ch. 6., Ch 316., Ch 369.

Save as expressly provided in this Act, the Co-operative Societies Act, Companies Act, the Friendly Societies Act, the Minors Act, the Banks and Trust Companies Regulation Act, the Insurance Act, the Bankruptcy Act and the Investment Funds Act do not apply to co-operative credit unions registered under this Act.

125. Regulations.

- (1) The Central Bank may make such regulations as may be necessary for the purpose of carrying out or giving effect to the objectives and provisions of this Act.
- (2) Without limiting the generality of subsection (1) regulations may be made
 - (a) requiring the payment of and prescribing the amount of any fee with respect to —

-
- (i) the filing, examination or copying of any document; or
 - (ii) any action that the Central Bank is required or authorized to take pursuant to this Act;
 - (b) prescribing the procedures for appeals to the Central Bank pursuant to section 94;
 - (c) exempting any co-operative credit union from any provision of this Act;
 - (d) prescribing any other matter or thing required or authorized to be prescribed by this Act;
 - (e) to establish administrative monetary penalties or a range of penalties for failure to comply with —
 - (i) the provisions of this Act or any regulation made under this Act;
 - (ii) any order or direction issued by the Central Bank pursuant to the provisions of this Act;
 - (iii) conditions and or limitations imposed by the Central Bank;
 - (f) classifying each contravention as minor, serious or very serious; and
 - (g) fixing, in accordance with paragraph (e), a penalty, or a range of penalties, in respect of any contravention of the provisions of this Act or any regulations made under this Act.

126. Fees.

- (1) The provisions of the Schedule shall have effect for the payment of fees by co-operative credit unions in respect of the matters mentioned in that Schedule, and all such fees shall be payable to the Public Treasury.
- (2) All fees paid pursuant to subsection (1) and the Schedule shall be placed in the Consolidated Fund.
- (3) The Central Bank may by regulations vary the fees prescribed in the Schedule, so, however, that any such regulations which increase the amount of any fees payable under this Act shall be exempt from the provisions of section 32 of the Interpretation and General Clauses Act but instead be subject to affirmative resolution of both Chambers of Parliament.
- (4) In subsection (3) the expression “affirmative resolution of both Chambers of Parliament” in relation to regulations means that the regulations are not to come into operation unless and until affirmed by a resolution of each of those Chambers.

DRAFT

- (5) If any co-operative credit union fails to comply with any requirement of subsection (1) and the Schedule, the credit union and every director, manager, secretary or other officer of the credit union who knowingly and willfully authorises or permits the default, shall on summary conviction be liable, for every day during which the default continues, to a fine not exceeding twenty-five dollars.

127. Transitional provisions.

- (1) Notwithstanding any other provisions of this Act, any co-operative credit union which prior to the commencement of this Act was duly registered under the Co-operative Societies Act shall be deemed to be registered under this Act
- (2) The Central Bank shall issue a certificate of continuance to a credit union referred to in subsection (1) to take effect from the date of commencement of this Act.
- (3) The coming into force of this Act shall not operate to terminate the tenure of any person then serving as a director or committee member of a co-operative credit union.
- (4) Where a co-operative credit union is being dissolved or liquidated and dissolved pursuant to the Co-operative Societies Act, that Act continues to apply to that credit union.

128. Power to amend bye-laws.

- (1) Any co-operative credit union may, subject to this Act amend its bye-laws including the bye-law which declares the name of the credit union.
- (2) No amendment of the bye-laws of a credit union shall be valid until that amendment has been approved by the Central Bank, for which purpose three copies of the amendment shall be forwarded to the Central Bank.
- (3) If the Central Bank is satisfied that the amendment of the bye-law, is not contrary to this Act, the Central Bank may register the amendment.
- (4) Where the Central Bank refuses to register an amendment of a bye-law, an appeal shall lie to the Registered Co-operative Credit Unions Appeal Tribunal whose decision shall be final.
- (5) An amendment which changes the name of a co-operative credit union shall not affect any right or obligation of the credit union or of any of its members or past members and any legal proceedings pending may be continued by or against the credit union under its new name.
- (6) Where the Central Bank registers an amendment of the bye-laws of a registered co-operative credit union, the Central Bank shall issue to the

credit union a copy of the amendment certified by it which shall be conclusive evidence of the fact that the amendment has been duly registered.

DRAFT

SCHEDULE

(section 126)

FEEES

Subject to the following paragraphs of this Schedule, the following shall be the fees under this Act, that is to say —

| Matters in respect of which fee is payable | Amount of fee \$ |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| (a) Registration of a co-operative credit union by the Central Bank | 100.00 |
| (b) Continuance in being on the first day of January in any year as a person registered as mentioned in subparagraph (a) of this paragraph. | 50.00 |

OBJECTS AND REASONS

The Object of the Bill is to provide for the regulation and supervision of co-operative credit unions by the Central Bank of The Bahamas.

The Bill provides for the Central Bank to use a “lighter touch” in the supervision of co-operative credit unions having assets of less than \$1 million.

PART I -PRELIMINARY

Clause 1 prescribes the short title of the Bill.

Clause 2 defines the specific terms used in the Bill.

Clause 3 restricts the use of the words “co-operative credit unions”.

Clause 4 sets out the co-operative principles.

PART II – ADMINISTRATION OF CO-OPERATIVE CREDIT UNIONS

Clause 5 provides that the Central Bank is responsible for the general administration of the Bill and regulations made under the Bill. It makes provision for the Central Bank to register and supervise co-operative credit unions for the purpose of satisfying itself that the provisions of the Bill are being complied with.

Clause 6 specifies the duties and powers of the Inspector of Banks and Trust Companies in relation to the supervision of co-operative credit unions.

Clause 7 permits a Magistrate to issue a search warrant to the Inspector of Banks or a police officer, where the Magistrate is satisfied that there are reasonable grounds to believe that an offence against the Bill has been or is being committed and that evidence of the commission of the offence is to be found at the premises specified in the application for the warrant.

Clause 8 stipulates that the Central Bank shall collect statistics relating to co-operative credit union business.

Clause 9 stipulates the returns which co-operative credit unions must provide to the Central Bank such as their annual audited financial statements.

Clause 10 provides for the Central Bank to maintain a register of co-operative credit unions registered or deemed registered under the Bill.

Clause 11 sets out the requirements for registration under the Bill.

Clause 12 sets out the conditions for registration of a co-operative credit union by the Central Bank.

Clause 13 provides that only fit and proper persons may hold office as director, committee member, officer or senior manager of a co-operative credit union and prescribes the criteria which the Central Bank will use to determine whether or not a person is fit and proper to hold or continue in such offices.

Clause 14 sets out the procedure to be followed by the Central Bank when it makes a determination on a co-operative credit union's application for registration under the Bill.

Clause 15 describes the effect of registration.

Clause 16 specifies that co-operative credit unions are bodies corporate.

Clause 17 requires co-operative credit unions to conform to co-operative principles.

Clause 18 stipulates the documents and records which a co-operative credit union must maintain at its registered address.

Clause 19 specifies the grounds on which the Central Bank may suspend or cancel the registration of a co-operative credit union and the procedure which the Central Bank must follow before suspending or cancelling the registration.

Clause 20 exempts co-operative credit unions with assets of less than \$1 million from some of the reporting requirements of the Bill. The Bill for example, exempts these co-operative credit unions from the requirement to submit annual audited financial statements to the Central Bank but requires them to submit unaudited financial statements.

PART III – DIRECTORS AND OFFICERS

Clause 21 details the duties and powers of directors of credit unions.

Clause 22 provides for the appointment and qualifications of committees of co-operative credit unions. It also mandates each co-operative credit union to establish a supervisory committee and a credit committee.

Clause 23 provides for the appointment of provisional directors who will have all the powers and duties of directors and who shall hold office until the first annual general meeting.

Clause 24 provides that the first annual general meeting of a co-operative credit union must be held within twelve months of the date of its registration.

Clause 25 requires co-operative credit unions to hold an annual general meeting each year, not later than six months after the end of its financial year and within thirty days of the board of director's acceptance of the annual audited financial statements.

Clause 26 sets out the circumstances in which a special general meeting may be called by the directors or members of a co-operative credit union.

Clause 27 sets out the procedure to be followed by a co-operative credit union when giving notice of an annual or special meeting.

Clause 28 deals with directors' meetings.

Clause 29 requires directors to keep minutes of their meetings and of appointment of officers and committee members. It also requires committee members to keep minutes of their meetings and to submit these to the board of directors for review.

Clause 30 deals with the election of directors, the supervisory and credit committees.

Clause 31 deals with the composition of the board of directors.

Clause 32 sets out the fiduciary duties of directors and officers of a co-operative credit union.

Clause 33 requires the board of directors to make an annual declaration to the Central Bank in respect of its compliance with the Bill and regulation made pursuant to the Bill.

Clause 34 prohibits directors, credit committee and supervisory committee members from seeking employment in a co-operative credit union unless they abstain from serving on the board or committee, as the case may be, for one year.

Clause 35 stipulates the number the number of co-operative credit union members required to form a quorum at the annual, general or special meetings of the credit union.

Clause 36 requires co-operative credit unions to maintain insurance to cover losses which may arise as a result of the acts or omissions of a director, committee member, officer or employee.

Clause 37 provides that a director, committee member or officer or an associate of such persons who for their personal benefit or for the benefit of an associate, makes use of confidential information relating to a transaction involving the shares or a debt obligation of a credit union, is liable to compensate any person who suffers a direct loss as a result of the use of that information and is also accountable to the credit union for any benefit or advantage received as a result of the transaction.

Clause 38 stipulates that the directors of a co-operative credit union are jointly and severally liable for making good any loss or damage suffered by the credit union if they authorize or approve specified transactions prohibited by the Bill.

Clause 38 deals with the remuneration of directors and committee members of co-operative credit unions

Clause 40 lists the events which will result in a director of a co-operative credit union ceasing to hold office.

Clause 41 deals with the nomination and appointment of delegates at a general meeting.

Clause 42 deals with the removal of directors.

PART IV – RIGHTS AND LIABILITIES OF MEMBERS

Clause 43 sets out the qualifications for membership in a co-operative credit union.

Clause 44 requires applications for membership to be submitted to the board of directors.

Clause 45 prescribes the requirements for becoming a member of a co-operative credit union.

Clause 46 makes provision for persons to withdraw from membership in a co-operative credit union.

Clause 47 sets out the procedure for expelling a member of a co-operative credit union.

Clause 48 provides for the board to remove the name of a person from the Register of Members where they cease to qualify for membership.

Clause 49 deals with the voting rights of members of co-operative credit unions.

Clause 50 limits the liability of members of co-operative credit unions.

PART V – BUSINESS OF CO-OPERATIVE CREDIT UNIONS

Clause 51 deals with the equity shares of co-operative credit union.

Clause 52 deals with the payment of dividends and bonuses to members.

Clause 53 places limits on the equity shares which may be held by a member in a credit union, in certain circumstances.

Clause 54 deals with the transfer of equity shares, generally.

Clause 55 deals with the transfer of equity shares of a member who is of unsound mind.

Clause 56 provides that a credit union has an enforceable lien on equity shares.

Clause 57 provides that the transfer of equity shares in the capital of a co-operative credit union may be subject to conditions.

Clause 58 sets out the procedure for a member of a co-operative credit union to nominate a beneficiary to whom his shares or deposits in the credit union may be transferred at his death.

Clause 59 deals with the transfer of a member's shares or interests in a co-operative credit union on the death of the member.

Clause 60 provides that a member may be required to execute a charge in favour of a co-operative credit union in respect of a loan from the credit union.

Clause 61 prescribes the procedure to be followed for a co-operative credit union to enforce a charge executed in its favour.

Clause 62 deals with assignment of a charge by a co-operative credit union.

Clause 63 provides that a co-operative credit union may require a member or officer to give a bond with or without surety as additional security for a loan.

Clause 64 deals with the treatment of dormant accounts.

PART VI – LOANS

Clause 65 deals with loans by co-operative credit unions and provides that loans made to directors, officers, committee members, employees or their associates in contravention of the credit policy of the co-operative credit union, are void and borrowers are liable to repay the credit union immediately.

Clause 66 requires co-operative credit unions to make provisions for doubtful loans.

Clause 67 stipulates that the terms of all loans must comply with the policies established by the directors of the co-operative credit union.

Clause 68 deals with security for loans.

Clause 69 deals with loan limits.

Clause 70 prescribes how co-operative credit unions report loans on their balance sheet.

Clause 71 deals with interest on loans and provides that the Central Bank may prescribe the maximum intervals at which interest on loans must be paid.

PART VII – CREDIT COMMITTEE

Clause 72 provides for the composition and qualifications of members of the credit committee, the number of members required to form a quorum and the procedure for filling a vacancy on the committee.

Clause 73 deals with the duties of the credit committee.

Clause 74 deals with the circumstances in which a credit committee member would cease to hold office such as where a member fails to attend three consecutive meetings without a reasonable excuse.

Clause 75 prescribes the procedure for the removal of a credit committee member.

Clause 76 requires a person authorized by the board of a co-operative credit union to submit a monthly report of the number of loan applications received, and the number of applications which were approved and declined.

Clause 77 requires the credit committee to keep minutes of its meetings and to report to the board of directors on inter alia loan applications, approval and denial of loans and delinquent loans.

PART VIII – SUPERVISORY COMMITTEE

Clause 78 mandates every co-operative credit union to have an elected a supervisory committee. It prohibits members of the board of directors and the credit committee from serving on the supervisory committee.

Clause 79 sets out the duties of the supervisory committee.

Clause 80 provides that a co-operative credit union must appoint a senior qualified professional as a compliance officer to carry out duties which include monitoring the credit union's compliance with this Bill and reporting his or her findings to the supervisory committee and the board.

Clause 81 mandates co-operative credit unions to establish an internal audit function to be performed independently of other departments of the credit union. It also provides that the internal auditor shall report to the supervisory committee.

Clause 82 sets out the procedure to be followed where the supervisory committee has reasonable cause to believe that the funds, securities or other property of the co-operative credit union have been misappropriated or misdirected or that the board of directors, credit committee or one of their members, or an officer or an employee of the

credit union has contravened the Bill, regulations made under the Bill or the bye-laws of the credit union.

Clause 83 sets out the circumstances in which a member of the supervisory committee would cease to be a member of the committee including where the member fails to perform his duties.

Clause 84 sets out the procedure for the removal of a supervisory committee member by the membership of the credit union.

PART IX – INVESTMENT AND BORROWINGS

Clause 85 prescribes how a credit union may invest its funds.

Clause 86 prohibits a credit union from borrowing in excess of ten percent of its total assets.

PART X – DEPOSITS, STATUTORY REQUIREMENTS

Clause 87 provides that co-operative credit unions may receive deposits from members and pay deposits to members with interest.

Clause 88 provides that a co-operative credit union may receive deposits and loans from non-members for the purpose of meeting any of its obligations or to discharge any of its functions under the Bill.

Clause 89 provides that where a co-operative credit union realizes an annual surplus it must establish and maintain a statutory reserve. It also provides for the establishment of a liquidity deposit fund. Further, it provides that where the ratio of statutory reserves, retained earnings, qualifying shares and equity shares to total assets falls below ten percent, the credit union must cease lending and notify the Central Bank.

PART XI – AUDIT, INQUIRY AND INSPECTION

Clause 90 requires the board of every co-operative credit union to cause the accounts of the credit union to be audited annually by an auditor appointed by the board and to notify the Central Bank of the appointment within fourteen days of the appointment. It also provides that the board must submit the annual audited financial statements to the Central Bank within four months of the credit union's financial year end.

Clause 91 requires a co-operative credit union which is or is likely to become insolvent, unable to meet its obligation, or has suspended or is about to suspend payments, to immediately inform the Central Bank of this fact.

Clause 92 deals with the dissolution of the board of a credit union by the Central Bank and sets out the procedure to be followed where the Bank is of the opinion that the board of a co-operative credit union is not performing its duties properly.

PART XII – DISPUTES AND APPEALS

Clause 93 provides for the establishment of the Registered Co-operative Credit Unions Appeal Tribunal comprising three members, including an attorney-at-law who is to be appointed by the Minister. The second member of the Tribunal is to be appointed by the Central Bank and the third by the Apex body. A party aggrieved or adversely affected by an order or decision of the Central Bank or an arbitrator may appeal to the Tribunal from such order or decision within sixty days of the order or decision.

Clause 94 prescribes the procedure for the Central Bank or an arbitrator appointed by the Central Bank to resolve disputes among members and past members or their legal representatives; between members or past members (and their legal representatives) and their credit union, the board of the credit union or an officer of the credit union; between two or more credit unions; or between a credit union or its board and any officer or employee of the credit union.

Clause 95 provides that in the course of making a determination on a dispute referred to them, the Central Bank or arbitrator may, refer a question of law to a judge of the Supreme Court by way of case stated.

PART XIII – RESTRUTURING OF CO-OPERATIVE CREDIT UNIONS

Clause 96 prescribes the methods by which a co-operative credit union may re-structure.

Clause 97 prescribes the procedure to be followed to effect the amalgamation of two or more co-operative credit unions.

Clause 98 prescribes the procedure to be followed when restructuring a co-operative credit union through the transfer of assets and liabilities from one credit union to another.

Clause 99 provides that no amalgamation or transfer may be effected unless creditors of the credit union are given three months advance notice and should they object in writing to the proposal, claims against the credit union must first be satisfied.

PART XIV – WINDING UP AND ANCILLARY MATTERS

Clause 100 deals with the winding up of credit unions where the Central Bank is satisfied that the credit union is insolvent or is under-capitalised and is also unlikely to be able to meet depositor demands, or that the continuation of its business will likely result in a loss to its members or creditors.

Clause 101 provides that the Central Bank may issue a written order that a credit union be wound up if it is proved to the satisfaction of the Central Bank that the membership of the credit union has been reduced to less than thirty.

Clause 102 sets out the procedure for the voluntary winding up of a credit union.

Clause 103 provides that the assets and liabilities of a credit union vest in the Central Bank where the Central Bank cancels the registration of a co-operative credit union. It further provides that the Central Bank shall have the powers of a liquidator under clause 104.

Clause 104 provides that a liquidator shall have such powers as may be prescribed by the Central Bank.

Clause 105 provides that the liquidator may exercise his powers subject to the powers of the Central Bank. It also details the powers of the Central Bank.

Clause 106 provides that the cancellation of the registration of a credit union has the effect of dissolving the credit union.

Clause 107 deals with the disposal of the surplus assets of a credit union that has its registration cancelled.

Clause 108 provides that the Central Bank may order a person to repay money, restore property or make compensation, where in the course of supervising a credit union or in the course of a liquidation, it appears to the Central Bank that such money, property or compensation is due to the credit union from such person. It also sets out the procedure to be followed should the Central Bank seek to make such an order.

Clause 109 deals with attachment of property.

Clause 110 deals with the enforcement of an order made by a liquidator or the Central Bank under Part XIV of the Bill.

Clause 111 excludes the jurisdiction of any civil court in the winding up of a credit union.

PART XV – APEX BODY

Clause 112 deals with the establishment and constitution of the Apex body.

Clause 113 prescribes the functions of the Apex body.

Clause 114 provides that each co-operative credit union shall appoint one of its directors to hold office at the first meeting and subsequent annual meetings of the Apex body.

Clause 115 deals with consultation between the Central Bank and the Apex body.

PART XVI – OFFENCES

Clause 116 prohibits corrupt practices and bribery by members, directors, committee members, agents or employees of co-operative credit unions.

Clause 117 makes it an offence to falsely obtain possession of any property from a credit union or to obtain a loan through false representations or other corrupt means.

Clause 118 prescribes criminal penalties for failure to comply with the Bill or an order made pursuant to the Bill or failing to provide information required pursuant to the Bill or for knowingly furnishing false information.

Clause 119 prescribes criminal penalties for fraudulently or clandestinely dealing with property subject to a charge.

Clause 120 sets out the criminal penalties for offences relating to making or providing a report, notice or other document.

PART XVII – MISCELLANEOUS

Clause 121 requires information on the identity, assets, liabilities, transactions or accounts of a member of a credit union to be kept confidential. The clause also prescribes the exceptions under which this information may be disclosed.

Clause 122 deals with the admission of documents and of entries in books in evidence in legal proceedings

Clause 123 provides that co-operative credit unions are exempt from stamp duties and other fees.

Clause 124 provides that certain Acts shall not apply to co-operative credit unions.

Clause 125 deals with the Central Bank's powers to make regulations under the Bill.

Clause 126 provides for the payment of fees by co-operative credit unions.

Clause 127 sets out transitional provisions.

Clause 128 deals with the amendment of a co-operative credit union's bye-laws.