

The Co-operative and Community Benefit Societies and Credit Unions Act 2010 (Commencement No. 2)

Order 2014 SI 2014/183 adds section 22E to the Company Directors Disqualification Act 1986 to apply the disqualification provisions to committee members and officers of societies. This applies the same discipline to directors, executives and committee members of societies as apply to company directors.

These reforms provide a golden opportunity for lawyers, accountants and other business advisors to offer clients a wider range of legal choices when businesses are established or change ownership.

With the help from Co-operatives UK, legal@uk.coop practitioners can offer clients the possibility of a structure which enjoys all the benefits of corporate personality, limited liability and share capital while serving the needs of the community or preserving control by employees, consumers, suppliers or other stakeholder groups. Societies also enjoy some exemptions from the FSMA rules on financial promotion when shares are offered to members and can issue withdrawable shares and so ease the problem of exit for members who invest.

Prepared by Co-operatives UK's Advice Team with thanks to Ian Snaithe for help with the text.

Co-operatives UK works to promote, develop and unite co-operative enterprises.

It has a unique role as a trade association for co-operatives. Its campaigns for Co-operation bring together all those with a passion and interest in co-operative action.

Registered in England under the Co-operative and Community Benefit Societies Act 2014,
Reg. No. 2783R. VAT Reg. No. 147 861 47.



CO-OPERATIVES UK

Co-operative and Community Benefit Societies 2014 legislative changes A Pocket Guide

Co-operatives and Community Benefit Societies:

All Change

What are the most significant features of the new legislation?

Four new pieces of legislation and new regulatory guidance reform the law that applies to co-operative societies and community benefit societies in 2014:

From 1 August 2014:

The Co-operative and Community Benefit Societies

Act 2014 consolidates and brings together all the legislation governing societies and changes their name. It also introduces registration as either a co-operative or a community benefit society rather than as a society which shows it is one or the other.

From 6 April 2014 six statutory instruments changed the law to facilitate the use of societies for businesses:

The Industrial and Provident Societies and Credit Unions (Arrangements, Reconstructions and

Administration) Order 2014 SI 2014/229 used the power granted by section 255 of the Enterprise Act 2002 to apply the insolvency rescue procedures of creditors' voluntary arrangements, administration and schemes of arrangement under the Insolvency Act 1986 and the Companies Act 2006 to societies. This puts insolvent societies in the same effective position as insolvent companies.

The Co-operative and Community Benefit Societies and Credit Unions (Investigations) Regulations 2014

SI 2014/574 apply part 14 of the Companies Act 1985 to societies so that the FCA have powers equivalent to those available to the Department for Business Innovation and Skills (BIS) for companies where they take the view that fraud or other wrongdoing requires the inspection or investigation of a society. This will increase confidence in societies as they are subject to the same investigation regime as companies.

The Industrial and Provident Societies and Credit Unions (Electronic Communications) Order 2014 SI

2014/184, made under sections 8 and 9 of the Electronic Communications Act 2000, permitted the electronic submission of a single registration document to the FCA when an application was made to register a society. Its amendment of the 1965 Act is consolidated by section 3(1)(b) CCBSA 2014. This adds to the ability of societies to use electronic communications.

The Industrial and Provident Societies (Increase in Shareholding Limit) Order 2014 SI 2014/210

used the power available to HM Treasury under section 2 of the Industrial and Provident Societies Act 1976 to raise the limit on the amount of withdrawable share capital that a person other than another society can hold in a society from £20,000 to £100,000.

That provision is consolidated from 1st August 2014 by section 24 of CCBSA 2014. This increases the access of co-operatives and community benefit societies to capital.