



REPUBLIC OF VANUATU

**CREDIT UNIONS (AMENDMENT)
ACT NO. 10 OF 2010**

Arrangement of Sections

- 1** **Amendment**.....
- 2** **Commencement**.....

REPUBLIC OF VANUATU

Assent: 15/07/2010
Commencement: 11/08/2010

CREDIT UNIONS (AMENDMENT) ACT NO. 10 OF 2010

An Act to amend the Credit Unions Act [CAP 256].

Be it enacted by the President and Parliament as follows-

1 Amendment

The Credit Unions Act [CAP 256] is amended as set out in the Schedule.

2 Commencement

This Act commences on the day on which it is published in the Gazette.

SCHEDULE

AMENDMENTS OF THE CREDIT UNIONS ACT [CAP 256]

1 Section 1

Insert in their correct alphabetical positions

““prescribed” means prescribed by regulations made under this Act;

“Reserve Bank” means the Reserve Bank of Vanuatu established under the Reserve Bank Act [CAP 125];

“Supervisor” means Supervisor of Credit Unions referred to in subsection 32A(1);”

2 Section 1 (Definition of by-laws)

Delete “by-laws mean”, insert “by-laws in relation to a credit unions means”,

3 Section 1 (Definition of League)

Repeal the definition, substitute

“League or League of Credit Unions means the League of Credit Unions registered under section 57D;”

4 Subsection 2(2)

Delete “administer this Act and”

5 Subsection 2(5)

Repeal the subsection

6 Subsection 4(1)

Delete “League”, substitute “Supervisor”

7 Paragraph 4(1)(b)

Delete “Registrar”, substitute “Minister”

8 After subsection 4(1)

Insert

“(1A) The Supervisor must give a copy of the standard by-laws to the Registrar within 14 days of its approval by the Minister.”

9 Subsection 4(3)

Delete “2,500”, substitute “5,000”

10 Subsection 5(1)

Delete “50”, substitute “20”

11 Section 7 (heading)

After “meeting”, insert “of the proposed credit union”

12 Paragraph 8 (1) (a)

Delete “League on behalf”, substitute “people who signed the memorandum”

13 Paragraph 8 (2) (d)

Repeal the paragraph

14 Paragraphs 9 (3) (a) and (b)

Delete “League”, substitute “applicants”

15 Subsection 11 (3)

Repeal the subsection, substitute

“(3) After registering a credit union, the Registrar must, as soon as possible:

- (a) give the Supervisor, a copy of the certificate of registration and a copy of the by-laws of the credit union; and
- (b) publish details of the registration of the credit union in the Gazette.”

16 After section 15

Insert

“15A. Credit unions to insure members’ deposits

- (1) A credit union registered under this Act must within 28 days after registration, arrange an insurance coverage with an insurer, for the deposits placed with the credit unions by its members.
- (2) For the purposes of this section, “insurer” means an insurer registered under the Insurance Act No. 54 of 2005.”

17 Section 16

Repeal the section, substitute

“16. Credit union may become a member of League

A credit union registered under this Act, at its discretion, may become a member of the League.”

18 Subsection 18(4)

Delete “League”, substitute “Supervisor”

19 Section 19

Repeal the section, substitute

“19. Investments

For the purpose of carrying out its objects, a credit union may in accordance with the by-laws, invest or deposit its funds with:

- (a) any bank licensed in Vanuatu; or
- (b) the central finance facility; or
- (c) a person approved by the Supervisor.”

20 Subsection 20(1)

Delete “League and the Registrar”, substitute “Supervisor”

21 After Part 5

Insert

“PART 5A - SUPERVISOR OF CREDIT UNIONS

32A. Supervisor

- (1) The Governor of the Reserve Bank is the Supervisor of Credit Unions.
- (2) The Supervisor must administer the Act and perform all functions assigned to him or her under this Act and the regulations.

32B. Directions by the Minister

- (1) The Supervisor must perform functions in accordance with any directions given by the Minister.
- (2) Subsection 2(4) applies in relation to a direction of the Minister.

32C. Functions of the Supervisor

Without limiting any provisions of this Act, the functions of the Supervisor include regulation and supervision of the activities of:

- (a) the credit unions; and

(b) the League of Credit Unions,

in accordance with the provisions of this Act and the regulations.”

22 Subsection 33(2)

Repeal the subsection, substitute

“(2) An audit is to be undertaken by an independent and qualified auditor approved by the Supervisor.”

23 Subsection 33(3)

Delete “League”, substitute “Supervisor”

24 Subsection 33(4)

Repeal the subsection

25 Subsection 34(2)

Delete “Registrar” (wherever occurring), substitute “Supervisor”

26 Subsection 35(1)

Delete “Registrar” (wherever occurring), substitute “Supervisor”

27 Paragraph 35(1)(d)

After “receives”, insert “if the credit union is a member of the League,”

28 Subsection 35(2)

Delete “Registrar must consult with the League and”, substitute “Supervisor must”

29 Subsection 35(3)

Delete “Registrar” (wherever occurring), substitute “Supervisor”

30 Subsection 35(4)

(a) Delete “Registrar”, substitute “Supervisor”;

(b) Delete “its supervisory committee and the League”, substitute “and its supervisory committee”

31 Subsection 35(5)

Delete “Registrar” (wherever occurring), substitute “Supervisor”

32 Subsection 36(1)

Delete “Registrar” (wherever occurring), substitute “Supervisor”

33 Subsection 36(2)

(a) Delete “Registrar”, substitute “Supervisor”;

(b) Delete “and obtain the written approval of the League”

34 Section 37

Delete “20,000”, substitute “50,000”

35 Subsection 38(3)

Delete “League”, substitute “Supervisor”

36 Section 46 (heading)

Delete “Registrar”, substitute “Supervisor”

37 Section 46

- (a) Delete “Registrar”, substitute “Supervisor”;
- (b) After “appointment”, insert “, and give a copy of the record to the Supervisor as soon as practicable”

38 Section 49

Delete “Registrar” (wherever occurring in this section), substitute “Supervisor”

39 Subsection 49(5)

Delete “Registrar’s”, substitute “Supervisor’s”

40 After subsection 49(3)

Insert

“(3A) After approving an application for amalgamation, the Supervisor must, as soon as possible give the Registrar a copy of the approval.”

41 Subsections 49(6) and (7)

Repeal the subsections

42 Subsections 51(1) and (2)

Delete “Registrar” and substitute “Supervisor”

43 Subsection 52(1)

Delete “The Registrar may, on the advice of the League, cancel the registration of a credit union if the Registrar is satisfied that:”, substitute “Subject to subsections (2) and (3), the Supervisor may advise the Registrar to cancel the registration of a credit union if the Supervisor is satisfied that:”

44 Paragraph 52(1)(a)

Delete “50”, substitute “20”

45 Subsection 52(2)

Delete “If the Registrar intends to cancel the registration of a credit union, the Registrar must”, substitute “Before advising the Registrar to cancel the registration of a credit union, the Supervisor must”

46 Paragraph 52(2)(a)

After “intends”, insert “to advise the Registrar”

47 Paragraph 52(2)(b)

Delete “Registrar”, substitute “Supervisor”

48 Subsection 52(3)

- (a) Delete “Registrar”, substitute “Supervisor”;
- (b) After “not to”, insert “advise the Registrar to”

49 Subsection 52(4)

Repeal the subsection, substitute

“(4) Before cancelling the registration of a credit union on the advice of the Supervisor, the Registrar must:

- (a) give the credit union written notice of the cancellation of its registration; and
- (b) send to the Supervisor a copy of the notice, as soon as possible.”

50 Subsection 52(7)

After “credit union” (last occurring), insert “, and send to the Supervisor, a copy of the order as soon as possible”

51 Subsection 53(3)

Delete “Registrar and the League”, substitute “Supervisor”

52 Subsection 54(1)

Delete “Registrar”, substitute “Supervisor”

53 Subsection 54(2)

Delete “Registrar’s “, substitute “Supervisor’s”

54 Subsection 54(3)

Delete “Registrar” (wherever occurring), substitute “Supervisor”

55 Subsection 54(6)

Delete “Registrar”, substitute “Supervisor”

56 Section 55 (heading)

Delete “Registrar”, substitute “Supervisor”

57 Subsections 55(1) and (2)

Delete “Registrar”, substitute “Supervisor”

58 PART 10- Division 1 (heading)

Delete “Establishment”, substitute “Registration”

59 Section 57

Repeal the section, substitute

“57. Signing the memorandum of association of the proposed League of Credit Unions

- (1) Subject to subsections (2) and (3), if 5 or more credit unions want to associate themselves together as a League they must each sign, as a subscriber, a memorandum of association in duplicate.
- (2) A representative of each credit union must sign the memorandum of association on behalf of the credit union that he or she represents.
- (3) The memorandum of association must be in the prescribed form as set out in Schedule 1.

57A. Contents of memorandum of association of the League

The memorandum of association of the League must set out the following:

- (a) the name of the proposed League; and
- (b) the objects of the League; and
- (c) the value of the membership shares; and
- (d) the place the registered office of the League is to be situated; and
- (e) the names and addresses of the subscribers to the memorandum of association and the names of credit unions which they respectively represent.

57B. Preliminary meeting of the Proposed League

After signing the memorandum of association in accordance with section 57A, the subscribers to the memorandum and the credit unions which they respectively represent must hold a meeting for the following purposes:

- (a) to make the by-laws of the proposed League; and
- (b) to complete the application to be registered as the League; and

- (c) to elect the first directors of the proposed League in accordance with the by laws so made; and
- (d) to carry out any other activities associated with the formation of the proposed League.

57C. Application to be registered as the Credit Union League

- (1) Subject to subsections (2) and (3), the League must within 14 days after the preliminary meeting is held under section 57B, apply to the Registrar to be registered under this Act.
- (2) The application for registration of the League must be:
 - (a) made in writing to the Registrar by at least 2 directors of the League; and
 - (b) in a form approved by the Registrar.
- (3) The application must be accompanied by:
 - (a) a copy of the memorandum of association signed in accordance with section 57; and
 - (b) a copy of the by-laws of the League; and
 - (c) a fee of VT 25,000.

57D. Registration of the League

- (1) The Registrar must:
 - (a) subject to subsection (3), register the League and its by-laws in a register kept for the purpose, in the form that the Registrar determines; and
 - (b) issue a certificate of registration in the prescribed form as in Schedule 2; and
 - (c) cause a notice of the registration to be published in the Gazette.
- (2) After issuing a certificate of registration to the League, the Registrar must, as soon as possible give the Supervisor a copy of the certificate of registration.

- (3) The registrar must not register the League and its by-laws unless the registrar is satisfied that:
- (a) the application for registration meets the requirements of section 57C; and
 - (b) the objects of the League are consistent with the objects referred to in subsection 58(1); and
 - (c) the by-laws meet the requirement of subsections 57F(1) and (2).
- (4) If the Registrar refuses to register the League, the Registrar must:
- (a) give written reasons for the refusal to the applicants; and
 - (b) return the application fee to the applicants.

57E. Effect of registration of the League

- (1) On the issue of a certificate of registration, the League:
- (a) is a body corporate with perpetual succession; and
 - (b) has a common seal; and
 - (c) may sue and be sued in the name under which it is registered.
- (2) The certificate of registration is the conclusive evidence that all requirements of this Act in relation to registration have been complied with.
- (3) Any act of the League is not invalid because of a defect in the registration procedure.

57F. By-laws of the League

- (1) The by-laws of the League must:
- (a) not be inconsistent with the provisions of this Act or regulations; and
 - (b) be approved by the Supervisor.

- (2) The by- laws must include provisions of the organizational structure, administration, management and operations of the affairs of the League, or any other matter relevant to the League.
- (3) The by- laws of the League may be amended or replaced by a two- third vote of its members present at a general meeting called for the purpose.
- (4) Any amendment or replacement of the by- laws is not valid unless it has been approved by the Supervisor and registered by the Registrar.”

60 Section 58 (heading)

Delete “Purpose”, substitute “Object”

61 Subsection 58(1)

Repeal the subsection, substitute

- “(1) The object of the League is to promote and protect the interests of its credit unions and their members.”

62 Subsection 58(2)

Delete “The League has the following functions”, substitute “The functions of the League must be”

63 Paragraph 58(2)(b)

Repeal the paragraph, substitute

- “(b) to advise and assist its credit unions in the proper conduct of their business;”

64 After paragraph 58(2)(c)

Insert

- “(ca) to provide programs and services that will enable its credit unions to effectively serve members;”

65 Paragraph 58(2)(e)

Repeal the paragraph

66 Paragraph 58(2)(f)

After “investment”, insert “in accordance with the regulations, and subject to the approval of the Supervisor”

67 Paragraph 58(2)(k)

Delete “notice in the Gazette”, substitute “regulations”

68 Subsection 58(3)

After “union”, insert “that is a member of the League,”

69 Subsection 60(1)

Repeal the subsection, substitute

“(1) The directors of the League elected at its preliminary meeting held in accordance with section 57B, must hold office until first annual general meeting of the League.

(1A) At the first annual general meeting of the League, its credit unions must elect a new board, which is to consist of directors of at least 5 members.”

70 Subsection 60(2)

Delete “is”, substitute “must be”

71 Subsection 60(3)

After “A director”, insert “of the League elected at an annual general meeting”

72 PART 10 - Division 3 and 4

Repeal the Divisions

73 Subsection 69(1)

(a) Delete “20,000”, substitute “75,000”;

(b) Delete “one year”, substitute “3 years”

74 Subsection 70(1)

Delete “20,000”, substitute “50,000”

75 Subsection 70(2)

(a) Delete “10,000”, substitute “50,000”;

(b) Delete “six months”, substitute “1 year”

76 After subsection 71(1)

Insert

“(1A) Without limiting subsection (1), the regulations may prescribe:

(a) any matter in relation to:

(i) which by-laws may be made by the League; and

(ii) the registration of the credit unions and the League by the Registrar; and

(iii) the regulation and supervision of the credit unions and the League, by the Supervisor; and

- (iv) the formation and administration of a central finance facility by the League; and
- (b) the forms to be used in relation to the registration of the League; and
- (c) any fee:
 - (i) in respect of costs reasonably incurred by the Supervisor in the performance of his or her duties under this Act; and
 - (ii) for any services provided by the Supervisor, other than in pursuance of an obligation imposed under this or any other Act.”

77 Subsection 71(2)

Delete “5,000”, substitute “25,000”

78 Section 72

Delete “the Banking Act [CAP 63],”