



STATUTORY INSTRUMENTS.

S.I. No. 675 of 2020



CREDIT UNION ACT 1997 (REGULATORY REQUIREMENTS)
(AMENDMENT) REGULATIONS 2020

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In exercise of the powers conferred on the Central Bank of Ireland (the “Bank”) by section 182A of the Credit Union Act, 1997 (No. 15 of 1997) (the “Act”), the Bank, having consulted the Minister for Finance, the Credit Union Advisory Committee and other bodies that appear to the Bank to have expertise or knowledge of credit unions generally and that the Bank considers appropriate to consult in the circumstances, hereby makes the following regulations:

1. These Regulations may be cited as the Credit Union Act 1997 (Regulatory Requirements) (Amendment) Regulations 2020.

2. In these Regulations “Principal Regulations” means the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (S.I. No. 1 of 2016).

3. Regulation 2 of the Principal Regulations is amended by –

(a) substituting the definition of “minimum reserve deposit account” with the following:

“‘minimum reserve deposit account’ means an account that a credit union must hold with the Bank in accordance with the minimum reserve requirement regulation;”

(b) inserting the following definition:

“‘minimum reserve requirement regulation’ means Regulation (EC) No. 1745/2003 of the European Central Bank of 12 September 2003 on the application of minimum reserves (ECB/2003/9)¹, as amended from time to time;”

4. Regulation 7 of the Principal Regulations is amended by -

(a) substituting for paragraph (1) the following:

“(1) In this Part “relevant liquid assets” means, subject to paragraph (1A), the following unencumbered assets only:

(a) cash;

(b) investments with a maturity of less than 3 months, excluding any amount held in the credit union’s–

(i) minimum reserve deposit account for the purpose of complying with its reserve

¹ Official Journal L 250, 02/10/2003 P. 0010 - 0016

requirement under the minimum reserve requirement regulation;

- (ii) deposit protection account;
- (c) Irish and EEA State Securities, bank bonds and supranational bonds with a maturity of greater than 3 months, held either directly or through a UCITS, provided that all such Irish and EEA State Securities and supranational bonds comply with the minimum rating requirements specified in Regulation 29(1) or 29(3).”

- (b) inserting the following paragraph (1A) after paragraph (1):

“(1A) If a credit union maintains on each day during a maintenance period, as defined in the minimum reserve requirement regulation, a balance in its minimum reserve deposit account that is equal to the average daily balance that would be required to satisfy that credit union’s reserve requirement for that maintenance period, any balance in the account in excess of that amount may be included in relevant liquid assets.”

- (c) substituting for subparagraph 2(c) the following:

“(c) where such investments have a maturity of 5 years or more, a 50 per cent discount shall be applied to the market value of such investments.”

5. Regulation 28 of the Principal Regulations is amended by –

- (a) substituting for paragraph (1) the following:

“(1) Subject to paragraph (1A), with the exception of an investment in a regulated investment vehicle referred to in Regulation 25(1)(f), a credit union shall not make an investment, either directly or through a UCITS, which has a maturity date which exceeds 10 years from the date of the investment.”

- (b) inserting the following paragraph (1A) after paragraph (1):

“(1A) In the case of an investment made, directly or through a UCITS, in either Irish and EEA State Securities referred to in Regulation 25(1)(a) or supranational bonds referred to in Regulation 25(1)(b), the maturity date shall not exceed 10 years and 6 months from the date of the investment.”

6. Regulation 29 of the Principal Regulations is amended by substituting for paragraph (4) the following:

“(4) Subject to Regulation 33(4), where an investment made by a credit union no longer complies with the minimum rating requirements specified in paragraph (1), (2) or (3), a credit union shall divest itself of that investment as soon as possible.”

7. The Principal Regulations are amended by substituting for Regulation 33 the following:

“33. Transitional Arrangements

(1) Where, on 1 March 2018, a credit union has investments made in accordance with legislative requirements applicable at the time of the investment which do not comply with the requirements in this Part, the credit union shall (subject to paragraph (4)) -

- (a) take such actions as are necessary in relation to those investments in order to ensure compliance with this Part -
 - (i) as soon as possible without incurring a loss, and
 - (ii) in any event not later than 1 March 2020 or such later date as the Bank may permit;
- (b) only make an investment where the making of such an investment would not cause the credit union to either –
 - (i) fail to comply with any of the requirements in this Part, or
 - (ii) exacerbate a failure existing on 1 March 2018 to comply with any of the requirements in this Part.

(2) Where a credit union has made an investment of a class referred to in Regulation 25(1) (c) or (d), and where that investment -

- (a) does not comply with this Part as a result of the occurrence of the relevant event, and
- (b) was in compliance with this Part immediately before the occurrence of the relevant event,

the credit union shall comply with paragraph (3).

(3) Subject to paragraph (4), a credit union shall take such actions as are necessary in relation to the investments referred to in paragraph (2) in order to ensure compliance with this Part -

- (a) (i) as soon as possible without incurring a loss, and
 - (ii) in any event not later than 2 years from the day on which the relevant event occurred or such later date as the Bank may permit;
- (b) only make an investment where the making of such an investment would not cause the credit union to fail to comply with any of the requirements in this Part.

(4) Where an investment held by a credit union is a fixed term investment to which paragraph (1) or (2) applies, the credit union may hold that investment to maturity provided that it was made in accordance with legislative requirements applicable at the time of the investment.

(5) In this Regulation “relevant event” means when Title V of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013² (or other Union law concerning the freedom of establishment or the freedom to provide services with respect to banking) ceases to apply to a person with whom an investment is made as a direct consequence of the United Kingdom withdrawing from the European Union.”

8. The revocation, amendment or substitution of any enactment, or part of enactment, by these Regulations -

- (a) shall not affect any direction given by the Bank, any investigation or any disciplinary, sanctioning or enforcement action undertaken by the Bank or by any other person, in respect of any matter in existence at, or before, the time of the revocation, amendment or substitution, and
- (b) shall not preclude the taking of any legal proceedings, or the undertaking of any investigation, or disciplinary, sanctioning or enforcement action by the Bank or any other person, in respect of any contravention of an enactment (including anything revoked, amended or substituted by these Regulations) or any misconduct which may have been committed before the time of the revocation, amendment or substitution.

Signed for and on behalf of the Central Bank of Ireland.

22 December 2020

PATRICK CASEY,

Registrar of Credit Unions

² Official Journal, L 176, 27/06/2013, p. 338–436.

EXPLANATORY NOTE

(This note does not form part of the Instrument and does not purport to be a legal interpretation)

The purpose of these Regulations is to amend the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (S.I. No. 1 of 2016).

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