



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Amendment of the Credit Union Common Bond Preliminary View Application Form

September 2021

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# Explanatory Note

## When to complete this Preliminary View Application Form

The Amendment of the Credit Union Common Bond – Preliminary View Application (“PVA”) Form should be completed by a credit union proposing to amend its common bond in advance of a notice of rule change being circulated to members.

## Legislation

The legislative requirements in relation to the common bond are set out in the Credit Union Act, 1997 (the 1997 Act). Section 6(1)(b) of the 1997 Act requires that admission to membership of a credit union is restricted to persons each of whom has, in relation to all the other members, at least one of the common bonds specified in section 6(3). Under section 6(3), the common bonds referred to in section 6(1)(b) are:

- (a) following a particular occupation;
- (b) residing or being employed in a particular locality;
- (c) being employed by a particular employer or having retired from employment with a particular employer;
- (d) being a member of a bona fide organisation or being otherwise associated with other members of the society for a purpose other than that of forming a society to be registered as a credit union;
- (e) any other common bond approved by the Central Bank.

The common bond is contained in the rules of the credit union and therefore an amendment of the rules of the credit union is required to effect a change to the credit union’s common bond. Section 14 of the 1997 Act outlines the steps which a credit union must follow to amend its registered rules. An amendment of the registered rules of a credit union is not valid and does not take effect unless and until such amendment has been registered with the Central Bank of Ireland (the Central Bank). Pursuant to Section 14(5) of the 1997 Act, the Central Bank shall refuse to register a rule change amendment, where it is not satisfied that the amendment is not contrary to the financial services legislation.

## Preliminary View

The Central Bank advises credit unions to make an application for a preliminary view if considering proposing an amendment to their common bond. Such an application should seek an indication from the Central Bank as to whether or not it views the proposed common bond amendment favourably. In order for a credit union to obtain a preliminary view on the proposed

common bond amendment, the PVA Form should be completed by the credit union, approved by the board of directors and signed by the chair of the board on behalf of the board of directors and submitted to the Central Bank via the “Amendment of the Credit Union Common Bond” request change type in the Central Bank of Ireland Portal. On receipt of a PVA Form the Central Bank will consider the application and will revert to the credit union with either:

1. A favourable view; or
2. A negative view.

In giving a preliminary view, the Central Bank will consider whether or not the proposed common bond is contrary to financial services legislation. The giving of such a preliminary view by the Central Bank shall not prejudice the decision of the Central Bank to register or refuse to register a rule amendment under section 14 of the 1997 Act.

Please note that a favourable preliminary view is not an approval nor should it be relied upon by a credit union as such. Any preliminary view is given by the Central Bank on a, without prejudice basis, and at the particular point in time. The view of the Central Bank may change; the relevant circumstances of the credit union may change or external factors may warrant a change in a preliminary view previously given.

## Application

Should the credit union require further information on the preliminary view process or have questions relating to the amendment of the common bond they should contact their supervisor in the Registry of Credit Unions.

The Application Form consists of four parts:

- (i) The Common Bond Proposal;
- (ii) Legislative Requirements;
- (iii) Business Case and Operational Requirements; and
- (iv) Amendment to the Registered Rules of the Credit Union.

Sections (i) to (iv) of the Application Form must be completed.

The Central Bank reserves the right to request further or supplemental information in order to provide the preliminary view as applied for by the credit union.

# Preliminary View Application Form

|                            |  |
|----------------------------|--|
| <b>Credit Union Name</b>   |  |
| <b>Registration Number</b> |  |

## i. The Common Bond Proposal

Provide information on the current common bond of the credit union, as set out in the rules of the credit union:

Where the common bond of the credit union was amended within the previous five years, please list below each of the common bond(s) as set out in the rules of the credit union, including the date on which these were registered with the Central Bank:

| Registration Date | Common Bond |
|-------------------|-------------|
|                   |             |
|                   |             |
|                   |             |

Please set out the full proposed common bond:

Please set out the rationale for the proposed changes to the common bond:

## ii. Legislative Requirements

a) In accordance with the provisions of section 6 of the 1997 Act please outline the following:

- State which category of common bond, as specified in section 6 (3) of the 1997 Act, the credit union is proposing to adopt, citing the relevant paragraph of section 6(3):

- Describe in detail how the proposed common bond restricts membership of the credit union to persons each of whom has, in relation to all the other members, the common bond specified above as required under section 6(1)(b):

- b) Please confirm that the credit union is satisfied that, in accordance with section 14 (3A) of the 1997 Act, the proposed amendment is not contrary to the financial services legislation:
- Yes    No
- 

Outline how the credit union has satisfied itself that the proposed amendment to the common bond is not contrary to financial services legislation:

### iii. Business Case and Operational Capability

Outline the business case for the proposed amendment to the common bond. The business case should clearly outline the rationale for the credit union seeking approval of the amendment and should demonstrate how the proposed common bond aligns with the credit union's strategic plan. The business case should also demonstrate that the credit union has the operational capability and resources required to support the proposed common bond.

Financial projections, along with underlying assumptions and linked to the credit union's strategic plan, should accompany the business case for a period covering the next 3 financial years<sup>1</sup>. The business case should outline the projected additional members that will result from the proposed amendment to the common bond, projected income and costs associated with the proposed common bond and projected resulting surplus/deficit for each financial year.

The application should set out details on the risk management systems and controls in operation in the credit union. The credit union must demonstrate that it would be in a position to meet its obligations under financial services legislation and has a plan for dealing with risk management if the proposed common bond was approved. The application should outline how the credit union shall identify the operational risks it is exposed to and how it shall provide for the management and mitigation of those risks.

The application should also detail the operational capability of the credit union, including any experience of operating a branch network (where relevant) and plans to establish credit union facilities in the amended common bond areas.

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<sup>1</sup> Where appropriate the credit union may wish to provide the financial projections for a period exceeding 3 years

The business case, with supporting financial projections, should be provided in a separate document appended to this application form.

#### iv. Amendment of the Rules

In accordance with section 14(1) of the 1997 Act, please outline the method by which the credit union intends to adopt the proposed common bond amendment:

Resolution at AGM

Resolution at SGM

Please provide details:

Please provide a copy of the following:

- The draft notice of resolution and rule change.
- A copy of legal advice received by the credit union in relation to the proposed common bond amendment (if applicable).
- Documents requested in section iii of the Application Form.

The completed and signed Application Form and the requested documents should be submitted via the “Amendment of the Credit Union Common Bond” request change type in the Central Bank of Ireland Portal.

**Completed By:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Chair:** \_\_\_\_\_ **Date:** \_\_\_\_\_

(on behalf of the board)



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