

[AS BROUGHT FROM THE COMMONS]

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B I L L

TO

Make provision to permit the capital surplus of co-operatives, mutuals and friendly societies to be non-distributable; and for connected purposes.

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Power to restrict use of assets of relevant mutual entities

- (1) The Treasury may by regulations made by statutory instrument make provision for enabling a relevant mutual entity to ensure that—
- (a) assets of the entity of a prescribed kind,
 - (b) assets of the entity specified by it in accordance with the regulations, 5
or
 - (c) all of the entity's assets,
- cannot be used or dealt with except in a case mentioned in subsection (2).
- (2) The cases are—
- (a) where the use or dealing is, directly or indirectly, for a purpose for 10
which the activities of the mutual entity are carried on and is of a prescribed kind, or
 - (b) where the circumstances are such as may be prescribed.
- (3) A mutual entity is “relevant” if it is of a prescribed description.
- (4) In this section “dedicated assets” means assets in respect of which regulations 15
under this section have been made.
- (5) Regulations under this section may, in particular—
- (a) provide for the procedure by which a relevant mutual entity may 20
impose, or otherwise secure, a restriction on how dedicated assets are used or dealt with;
 - (b) provide for such of a relevant mutual entity's rules as are of a prescribed kind to be unalterable, or for them to be alterable only in prescribed circumstances or in circumstances specified in rules of a prescribed kind;
 - (c) provide for the case mentioned in subsection (2)(a) to be subject to 25
such exceptions as may be prescribed;

- (d) provide that, in any circumstances prescribed under subsection (2)(b), dedicated assets must be dealt with in a prescribed way;
- (e) make provision for ensuring that a person to whom dedicated assets are transferred in prescribed circumstances cannot use or deal with those assets except in a case mentioned in subsection (2); 5
- (f) provide for members of a mutual entity who lose property rights as a result of regulations under this section to be compensated for that loss (whether by payment of a prescribed amount or of an amount determined in a prescribed way or otherwise), subject to such exceptions as may be prescribed; 10
- (g) provide for the enforcement of restrictions imposed as a result of regulations under this section;
- (h) make provision for the carrying out of investigations by persons appointed by a prescribed person;
- (i) confer power on a prescribed person to require persons of a prescribed description to provide the prescribed person with information in order to enable or assist that person to perform any of the person's functions under the regulations; 15
- (j) provide for restrictions on the use and disclosure of information obtained by any person in the performance of any function under the regulations. 20
- (6) Regulations under this section may –
- (a) impose criminal liability;
- (b) confer functions on a prescribed person;
- (c) confer jurisdiction on any court; 25
- (d) authorise a prescribed person to make rules, binding on persons of a prescribed description, for the purpose of enabling or assisting the prescribed person to perform any of the person's functions under the regulations;
- (e) make provision as to the making, publication and enforcement of such rules; 30
- (f) provide for a prescribed person to charge fees sufficient to meet the costs of performing any of the person's functions under the regulations;
- (g) modify, exclude or apply (with or without modifications) any provision made by or under an enactment or any rule of law; 35
- (h) contain such incidental, consequential and supplementary provision as the Treasury consider appropriate;
- (i) make different provision for different cases.
- (7) Regulations under this section may not create any new criminal offence punishable with imprisonment for more than 7 years. 40
- (8) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.
- (9) In this section –
- “mutual entity” means – 45

- (a) a co-operative society,
 - (b) a friendly society with the meaning of the Friendly Societies Act 1992 (see section 116 of that Act), or
 - (c) a body corporate that carries on a business of mutual insurance;
- “co-operative society” means – 5
- (a) a society registered as a co-operative society under the Co-operative and Community Benefit Societies Act 2014, or
 - (b) a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(i) of that Act;
- “enactment” includes an enactment comprised in an Act of the Scottish Parliament; 10
- “prescribed” means prescribed by regulations under this section.

2 Short title

This Act may be cited as the Co-operatives, Mutuals and Friendly Societies Act 2023. 15

Co-operatives, Mutuels and Friendly Societies Bill

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