STATUTORY INSTRUMENTS

1980 No. 345

BANKS AND BANKING

The Banking Act 1979 (Exempt Transactions) (Amendment) Regulations 1980

Made - - - -	6*th March* 1980
Laid before Parliament	10*th March* 1980
Coming into Operation	1*st April* 1980

The Treasury, in exercise of the powers conferred upon them by sections 2(1) and (5) of the Banking Act 1979**(a)** and of all other powers enabling them in that behalf, hereby make the following regulations:—

Citation and commencement

1.—(1) These regulations may be cited as the Banking Act 1979 (Exempt Transactions) (Amendment) Regulations 1980.

(2) These regulations shall come into operation on 1st April 1980.

Interpretation

2. In these regulations the expression "the principal regulations" means the Banking Act 1979 (Exempt Transactions) Regulations 1979**(b)**, and regulation 2 of the principal regulations shall apply for the purposes of these regulations as it applies for the purposes of those regulations.

Amendment of regulation 4 of the principal regulations

3.—(1) For paragraphs (1) and (2) of regulation 4 of the principal regulations there shall be substituted the following paragraph:—

"(1) The acceptance by a charity of a deposit is an exempt transaction if—

(*a*) the deposit is made by another charity, or

(*b*) there is payable in respect of the deposit neither interest nor a premium.".

(2) Paragraph (3) of regulation 4 of the principal regulations shall be re-numbered as paragraph (2).

(a) 1979 c. 37.

(b) S.I. 1979/1204.

Addition to principal regulations of regulations 10 *and* 11 *and Schedule*

4. The principal regulations shall be amended as follows:—

(*a*) by the addition, after regulation 9, of the following new regulation:—

"*Agricultural, forestry and fisheries associations*

10.—(1) Without prejudice to regulation 6, the acceptance by an association to which section 33 of the Restrictive Trade Practices Act 1976**(a)** applies of a deposit by a member of that association is an exempt transaction.

(2) The reference in paragraph (1) of this regulation to a member of an association to which section 33 of the Restrictive Trade Practices Act 1976 applies includes a reference to—

(*a*) a member of any such association which is a member of that association, and

(*b*) a prospective member, provided that the deposit is made in order to qualify him for membership of the association.";

(*b*) by the addition, after the new regulation 10, of the following new regulation:—

"*Retail and other co-operative societies*

11.—(1) Without prejudice to regulation 6, the acceptance by a co-operative society of a deposit is an exempt transaction if the society fulfils the requirements of paragraph (2) of this regulation and the deposit is not taken in breach of the society's obligations under the Scheme.

(2) The requirements of this paragraph are—

(*a*) that the society is registered under the Industrial and Provident Societies Act 1965**(b)** or the Industrial and Provident Societies Act (Northern Ireland) 1969**(c)**,

(*b*) that either—

(i) the principal business of the society is the sale by retail of goods for the domestic or personal use of individuals dealing with the society, or the provision of services for such individuals, or

(ii) ninety per cent of the shares of the society, both by reference to the total number of such shares and their nominal value, are held by societies having the principal business described in sub-paragraph (*b*)(i) of this paragraph, and

(*c*) that the society participates in the Scheme and accordingly is a Participating Society within the meaning of clause 2(4) thereof.

(3) The references in the foregoing provisions of this regulation to the Scheme are to the Scheme constituted by deed dated the 29th February 1980 between the Co-operative Union Limited of the one part and the Co-operative Bank Limited of the other part the provi-

(a) 1976 c. 34. By virtue of article 2 of the Transfer of Functions (Wales) (No. 1) Order 1978 (S.I. 1978/272) certain functions of the Minister of Agriculture, Fisheries and Food under this section were transferred to the Secretary of State for Wales.

(b) 1965 c. 12. **(c)** 1969 c. 24 (N.I.).

sions of which are set out in the Schedule to these regulations. Such references do not include references to the Scheme as amended or varied.";

(*c*) by the insertion in the principal regulations of the Schedule as follows:—

"SCHEDULE Regulation 11

DEED ESTABLISHING THE CO-OPERATIVE DEPOSIT PROTECTION SCHEME

THIS DEED is made the 29th day of February 1980 between CO-OPERATIVE UNION LIMITED of Holyoake House Hanover Street Manchester (hereinafter called 'the Union') of the one part and CO-OPERATIVE BANK LIMITED of New Century House Corporation Street Manchester (hereinafter called 'the Bank') of the other part

WHEREAS:

(*a*) It is the purpose of this Deed to set up a scheme to grant certain protection on the terms and conditions and subject to the limitations hereinafter contained to a depositor with a co-operative society in membership of the Union against the consequences of the insolvency of that society

(*b*) The Treasury is empowered by Section 2(1) of the Banking Act 1979 to make regulations prescribing for the purpose of that Section certain transactions

(*c*) It is intended that a co-operative society so in membership which has elected to join the Scheme established by this Deed shall be able to have its taking of deposits so prescribed by the Treasury.

NOW THIS DEED WITNESSETH AND IT IS HEREBY DECLARED as follows:

1. The Scheme hereby constituted shall be known as the "Co-operative Deposit Protection Scheme".

2.—(1) Subject to sub-paragraphs (2) and (3) below, in this Deed "Deposit" shall mean a sum of money paid on terms

(i) under which it will be repaid in full, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it; and

(ii) which are not referable to the provision of property or services or the giving of security;

(2) "Deposit" shall not however include:

(*a*) withdrawable share capital; or

(*b*) interest unless compounded and added to capital; or

(*c*) deposits whether or not secured, having an original term to maturity of more than 5 years; or

(*d*) any sum paid to a co-operative society so in membership by a person who at the time it is paid is a director, controller or manager of the society or the wife, husband, son or daughter of such a person;

(3) For the purpose of sub-paragraph 2(1)(ii) above money is paid on terms which are referable to the provision of property or services or to the giving of security if, and only if—

(i) it is paid by way of advance or part payment for the sale, hire or other provision of property or services of any kind and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided; or

(ii) it is paid by way of security for payment for the provision of property or services of any kind provided or to be provided by the person by whom or on whose behalf the money is accepted; or

(iii) it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise.

(4) In this Deed "a Participating Society" shall mean a co-operative society which (*a*) has joined the Scheme by (i) resolution of its governing body adopting and agreeing to the Scheme established by this Deed (ii) paying a joining contribution in accordance with clause 5(2) hereof and (iii) executing and delivering to the Union a Deed of Participation in the Scheme to which Deed the Bank and the Union are parties in the form set out in the Schedule to this Scheme; and (*b*) has not ceased in accordance with clause 10(1) hereof to be a Participating Society.

(5) In this Deed "Founding Date" shall mean the date of coming into operation of the statutory instrument prescribing for the purposes of the Banking Act 1979 transactions undertaken by Participating Societies.

(6) In this Deed—

"director" shall mean any person who occupies the position of a director by whatever name called;

"controller" shall mean a managing director chief executive or a person in accordance with whose directions or instructions the directors of the co-operative society are accustomed to act; and

"manager" shall mean a person, other than the chief executive, employed by a co-operative society who, under the immediate authority of a director or chief executive of the co-operative society, exercises managerial functions or is responsible for maintaining accounts or other records of the co-operative society.

3.—(1) The Union and the Bank hereby agree and declare that, subject as is by this Deed provided, they will hold manage and apply in accordance with the provisions of this Deed the Fund as hereinafter defined (hereinafter called "the Fund");

(2) The Fund and any investments money or other assets for the time being comprised therein may in the absolute discretion of the Union and the Bank be held in the sole name of the Bank;

(3) Any real property for the time being forming part of the Fund shall be held upon trust for sale;

(4) The Union and the Bank delegate to the Union the duty of administering the Scheme in accordance with the provisions of this Deed;

(5) The Union and the Bank delegate to the Bank the investment of the Fund;

(6) The banking administrative and management expenses of the Union and/or the Bank shall be defrayed out of the Fund.

4.—(1) The Fund shall consist of

(*a*) joining and supplementary contributions as hereafter mentioned;

(*b*) monies borrowed for the purposes of the Fund;

(*c*) interest and dividends from investments;

(*d*) dividends recovered in any liquidation;

(*e*) the investments, property and other assets representing from time to time the above or any of them.

(2) There shall be chargeable to the Fund:

(*a*) payments to meet the banking administrative and management expenses of the Union and/or the Bank in accordance with subclause 3(6) above and clause 14 hereof;

(*b*) refunds to Participating Societies as hereinafter provided;

(*c*) moneys required for the repayment of borrowings and any interest thereon;

(*d*) payments to depositors in respect of protected deposits as hereinafter provided.

5.—(1) Societies which are or are seeking to be Participating Societies shall make 2 classes of contribution, namely

(i) joining contributions, and

(ii) supplementary contributions.

(2) At the Founding Date or on joining the Scheme Societies shall make a joining contribution of an amount prescribed by the Union being (*a*) 0·5 per cent of the deposit base of the Society at that time, such deposit base being the aggregate amount of the deposits recorded in the then most recent annual return of the Society made to the Union provided that (i) such annual return shall not be in respect of a period ending earlier than 2 years before the Founding Date or joining the Scheme as the case may be and (ii) such percentage joining contribution shall be not less than £100 nor greater than £12,000, or, if the amount under (*a*) above is not calculable or not readily calculable, (*b*) such amount as the Union shall determine, being an amount (so far as the Union can estimate) equal to or greater than such percentage joining contribution would have been.

(3) The Union shall maintain the net assets of the Fund at such an amount, not being less than £200,000 at any time, as the Union and the Bank shall in their absolute discretion consider to be not less than reasonable so as to afford protection to Deposits to the extent provided

for in this Scheme, and for this purpose the Union may at any time (including on the Founding Date and on joining the Scheme) require Participating Societies to make supplementary contributions of such an amount and on such occasions and in such manner as the Union may determine, it being the intention that the Union (whilst not being required or bound so to do) should exercise its power to require supplementary contributions by fixing the amount of such contributions in proportion to the deposit base (calculated in such manner as the Union shall in its discretion consider reasonable) or each of the Participating Societies subject to a minimum and maximum payment.

6.—(1) A Participating Society shall for the purpose of this Deed and the Scheme hereby constituted become insolvent

(i) on the making of a winding up order against it; or

(ii) on the passing of a resolution for a creditors' voluntary winding-up.

(2) Subject to the provisions of this Deed, if at any time a Participating Society becomes insolvent or is to be treated as insolvent by virtue of Clauses 10(1) and 12(2) hereof the Union shall as soon as practicable pay out of the Fund to a depositor who has a protected Deposit with that Society an amount equal to three-quarters of the protected Deposit, but so that such amount shall in no case exceed £7,500;

(3) Subject to the provisions of this Deed, a reference to a depositor's protected Deposit is a reference to the total liability of the Participating Society to him, but limited in any event to a maximum of £10,000, in respect of the principal amounts of Deposits made to the Participating Society

PROVIDED THAT

(i) any such Deposit was not made after such society had ceased to be a Participating Society;

(ii) the principal amounts of Deposits shall only include any interest or premium which has been credited to the Deposit in question if such interest or premium has been so credited at the time such Society becomes insolvent so as to constitute an accretion to the principal;

(iii) in determining the total liability of such Society to a depositor for the purposes of this and the previous subclause, there shall be deducted the amount of any liability of the depositor to such Society—

(*a*) in respect of which a right of set-off or counterclaim against the Deposit (including in Scotland a right of retention or compensation) existed immediately before such Society became insolvent; or

(*b*) in respect of which such a right would then have existed if the Deposit in question had been repayable on demand and the liability in question had fallen due; and

(iv) The Union may in its absolute discretion decline to make any payment under this Scheme in respect of a Deposit to a person who, in the opinion of the Union, had any responsibility for, or may have profited directly or indirectly from, the circumstances, or some of the circumstances, giving rise to the financial difficulties of the Participating Society which had become insolvent.

7.—(1) For the purposes of clauses 6 and 8 hereof where any persons are entitled to a Deposit as trustees, then, unless the Deposit is held on trust for a person absolutely entitled to it as against the trustees, the trustees shall be treated as a single and continuing body of persons, distinct from the persons who may from time to time be the trustees, and if the same persons are entitled as trustees to different deposits under different trusts or, in Scotland, trust purposes, they shall be treated as a separate and distinct body with respect to each of those trusts or, in Scotland, trust purposes.

(2) For the purposes of this clause a Deposit is held on trust for a person absolutely entitled to it as against the trustees where the person has the exclusive right (subject only to satisfying any outstanding charge, lien or other right of the trustees to resort to the Deposit for payment of duty, taxes, costs or other outgoings) to direct how the Deposit shall be dealt with.

(3) Any reference in sub-clauses (1) and (2) above to a person absolutely entitled to a Deposit as against the trustees includes a reference to two or more persons who are so entitled jointly; and in the application of sub-clause (2) above to Scotland the words in parenthesis from "subject" to "outgoings" shall be omitted.

(4) For the purposes of Clause 6 above and the following provisions of this clause, where a Deposit is held on trust for any person absolutely entitled to it or, as the case may be, for two or more persons so entitled jointly, that person or, as the case may be, those persons jointly shall be treated as entitled to the Deposit without the intervention of any trust.

(5) For the purpose of Clause 6 above where two or more persons are jointly entitled to a Deposit and sub-clause 7(1) above does not apply, each of them shall be treated as having a separate Deposit of an amount produced by dividing the amount of the Deposit to which they are jointly entitled by the number of persons who are so entitled.

(6) The Union may decline to make any payment under clause 6 above in respect of a Deposit until the person claiming to be entitled to it informs the Union of the capacity in which he is entitled to the Deposit; and if it appears to the Union

(*a*) that the persons entitled to a Deposit are so entitled as trustees, or

(*b*) that sub-clause 7(4) above applies to a Deposit, or

(*c*) that two or more persons are jointly entitled to a Deposit otherwise than as trustees,

the Union may decline to make any payment in respect of the Deposit until the Union is satisfied that it has sufficient information to enable it to determine what payment (if any) should be made and to whom.

(7) In this clause "jointly entitled" means—

(*a*) In England and Wales and Northern Ireland, beneficially entitled as joint tenants, tenants in common or as coparceners; and

(*b*) in Scotland, beneficially entitled as joint owners or owners in common.

8.—(1) Where a Society has become insolvent or is by virtue of clauses 10(1) or 12(2) hereof to be treated as insolvent and any payment is or should be made under this Scheme in respect of a Deposit, the Bank (on behalf of itself and the Union) shall seek to recover all dividends compositions or payments made or to be made in respect of the Deposit (not limited to three quarters thereof or otherwise howsoever) and as between the Bank and the depositor the Bank (without prejudice to additional rights arising by virtue by subrogation) shall be entitled to all dividends compositions and payments up to the amount of the payment made or to be made by the Union under this Scheme and the depositor shall not be entitled to any of such dividends compositions or payments until the whole of the payment made or to be made by the Union under this Scheme shall first have been equalled.

(2) Where a Society has become insolvent or is by virtue of clauses 10(1) or 12(2) hereof to be treated as insolvent, then if and whenever requested by the Bank, the depositor shall by an assignment or, in Scotland, an assignation, in writing assign to the Bank his rights and/or execute a declaration of trust in favour of the Bank in respect of his rights to all or any of such dividends, compositions and payments and the Bank shall hold the rights so assigned or in respect of which a declaration of trust has been executed first in trust to pay to itself such dividends compositions and payments as it shall be entitled to under the previous sub-clause, and second in trust for the depositor or as he may direct, and the Bank may as attorney for and on behalf of the depositor execute any such assignment assignation or declaration of trust as aforesaid;

(3) Without prejudice to the generality of its rights hereunder the Union and/or the Bank may stipulate as a pre-condition of any payment in respect of a Deposit under the Scheme that an assignment or, in Scotland, an assignation, to it and/or a declaration of trust should be made as aforesaid;

(4) Where a Society has become insolvent or is by virtue of clauses 10(1) or 12(2) hereof to be treated as insolvent it shall be the duty of the Bank and also of the depositor to inform the Liquidator, or where it is treated as insolvent the Society, of the Bank's rights hereunder as soon as possible with a view to the preservation for the Bank of all such dividends compositions and payments and the depositor shall authorise the Liquidator, or where it is treated as insolvent the Society, to provide on request all relevant information to the Bank.

(5) The Union and/or the Bank shall be entitled for the purposes of the Scheme to have access to and copy such of the books records files and other documents of, and to obtain such information from, any body corporate which is or has been a Participating Society as the

Union and/or the Bank (as the case may be) shall in their or its discretion consider necessary or helpful in order to carry the provision of the Scheme into effect.

9. It is the duty of the Union to maintain the net assets of the Fund at such an amount, not being less than £200,000 at any time, as the Union and the Bank shall in their absolute discretion consider to be not less than reasonable so as to afford protection to Deposits to the extent provided for in this Scheme, but subject as aforesaid the Union and the Bank may during the continuance of this Scheme make such refunds out of the Fund to Participating Societies as they shall consider proper, and such refunds shall be made to such Participating Societies and calculated in such manner as the Union shall in its absolute discretion determine.

10.—(1) Any Participating Society may apply to leave the Scheme by sending written notice to that effect to the Union, and shall, save under the protection of Part II of the Banking Act 1979 cease to accept new Deposits, and shall within the period of 9 months from the receipt by the Union of such written notice either (i) repay all Deposits held by it or (ii) secure protection for those Deposits under Part II of the Banking Act 1979. Upon the due performance of (i) or (ii) above the Society shall cease to be a Participating Society, and upon such due performance as above within the said period of 9 months there shall be repaid to such Society out of the Fund such sum (if any) as the Union shall in its absolute discretion consider appropriate. Without prejudice to the application of clause 6 hereof (and the provisions of clauses 7 and 8) in the case of a Participating Society which becomes insolvent during the said period of 9 months, if such Society shall not have duly performed (i) and (ii) above within the said period of 9 months, clause 6 hereof (and the provisions of clauses 7 and 8 so far as applicable) shall apply to the depositors of such Society who have not had their Deposits so repaid or secured as if that Society had become insolvent, but so that any payment thereunder shall be made within 6 months after the end of the said 9 months' period.

(2) Without prejudice to the generality of the foregoing, the following shall rank among the circumstances to be considered by the Union in respect of any such repayment to a society—

(*a*) The amount of the Fund;

(*b*) The income generated by the Fund since its inception;

(*c*) The expenses borne by the Fund since its inception; and

(*d*) Payments out of the Fund in respect of Deposits.

11.—(1) The Scheme shall continue in force, unless earlier terminated, for an initial period of 10 years.

(2) Subject to sub-clause (3) below, the Scheme may be

(*a*) terminated during such initial period, or

(*b*) continued in force after the initial period or

(*c*) altered at any time,

by a qualifying resolution or resolutions (as hereinafter provided).

(3) The perpetuity period applicable in respect of the Scheme shall be the period of eighty years commencing on the Founding Date, and the Scheme shall not be capable of being continued, or of being altered so as to be continued, beyond that period.

(4) A qualifying resolution may be moved by—

(*a*) the Union; or

(*b*) the Bank; or

(*c*) any Participating Society,

and it shall be moved by giving at least 28 days' clear notice to the Union, the Bank and all Participating Societies of (*a*) the business to be transacted and (*b*) the date time and place of the meeting.

(5) Such notice shall be given in writing and sent by post to the last known address of the person or body so to be notified, but the accidental omission to give one or more notices shall not invalidate the meeting or any resolution passed thereat.

(6) A qualifying resolution shall be duly passed and valid if adopted by Participating Societies at such meeting holding between them 75% of the Deposits held at the date of the resolution by Participating Societies and afforded protection by this Scheme (and so that such percentage shall be calculated by reference to the full amount of such Deposits).

12.—(1) Upon termination of the Scheme and in any event at the expiration of the period of 78 years less 1 day from the Founding Date (from which time no new Deposits shall, save under the protection of Part II of the Banking Act 1979, be accepted by Participating Societies), all the then Participating Societies shall within the period of 9 months thereafter either

(i) repay all their Deposits, or

(ii) secure protection for those Deposits under Part II of the Banking Act 1979.

(2) If any Participating Society (hereinafter called "a Defaulting Society") shall not in respect of the Deposits taken by it have either

(i) repaid them, or

(ii) secured protection for them under Part II of the Banking Act 1979,

within the period of 9 months from

(*a*) such termination or

(*b*) the expiration of the said period of 78 years less 1 day whichever is the sooner

clause 6 hereof (and the provisions of clauses 7 and 8 hereof so far as applicable) shall apply to the depositors of that Defaulting Society who have not had their Deposits so repaid or secured as if that Defaulting Society had become insolvent but so that any payment thereunder shall be made within 6 months after the end of the said 9 months period.

(3) Subject to any payments required to be made under this Scheme (including under sub-clause (2) above) and subject to the payment or provision of all proper charges for banking and of all the expenses of

administering, managing and winding-up this Scheme, the Union shall within 15 months after the expiration of the 9 months' period referred to in the preceding sub-clause (2) distribute the Fund among the Participating Societies other than Defaulting Societies in such amounts and in such manner as it shall in its absolute discretion determine but with a view to making repayments in proportion to their respective contributions.

(4) Clause 6 hereof (and the provisions of clauses 7 and 8) shall apply in the case of a Participating Society which becomes insolvent during the said period of 9 months referred to in sub-clause (2) of this clause. Any payment under the said clause 6 whether made under the present sub-clause or otherwise shall be made not later than 6 months after the end of the said 9 months' period.

(5) If by reason of an amalgamation or transfer of engagements (hereinafter called "a merger") a co-operative society (hereinafter called "the Merged Society") becomes possessed of or entitled to Deposits some of which are protected under this Scheme and some of which are not so protected the following provisions shall apply:

(*a*) Forthwith upon the merger's becoming effective the Merged Society shall marshall its Deposits into two classes namely

(i) the Protected Class, being Deposits taken in circumstances such that they were protected by the Scheme; and

(ii) the Unprotected Class, being Deposits not so protected.

(*b*) To the Protected Class the Scheme shall continue to give protection subject to its terms and conditions for which purpose the Merged Society shall be treated as a Participating Society.

(*c*) The Merged Society shall within a period of three months from the Merger's becoming effective by joining the Scheme arrange protection under the Scheme for the Unprotected Class.

(*d*) If the Merged Society shall have failed within the said period by joining the Scheme to obtain protection for all of the Unprotected Class it shall be deemed to have given notice under clause 10(1) hereof as at the expiration of the said period of 3 months.

(6) If by reason of a merger a Merged Society becomes entitled to or possessed of Deposits all of which were taken in the circumstances such that they were protected under the Scheme the Merged Society shall forthwith upon the merger's becoming effective join the Scheme under clause 2(4)(*a*) but shall be relieved of a joining contribution, and if it shall fail to join the Scheme within the period of 3 months from the merger's becoming effective it shall be deemed to have given notice under clause 10(1) hereof.

13.—(1) All monies in the Fund shall be held by the Bank and unless and until otherwise invested the Bank shall pay to the Fund interest thereon at the published rate for 7 day deposits.

(2) The Fund may be invested in any one or more of the following:—

(i) monies held by or deposited with the Bank at interest as aforesaid;

(ii) Treasury bills payable not more than 91 days from the date of issue;

(iii) Deposits with or withdrawable share capital of a building society designated under section 1 of the House Purchase and Housing Act 1959(a);

(iv) Deposits with the National Savings Bank and National Girobank;

(v) Deposits with any institution which is recognised as a bank under the Banking Act 1979.

14.—(1) The Bank may act as bankers to this Scheme and to the Fund and may make advances or loans to the Fund upon the usual terms as to interest and charges in the ordinary course of the Bank's business and share stockbrokers' commission and generally act as a banker may in relation to his customer and without accounting for any profit so made, and without prejudice to the generality of the foregoing the Bank shall be entitled to charge and recover from the Fund all proper charges for banking, administration and management (including investment management) provided to the Fund or in respect of this Scheme.

(2) The Union shall be entitled to charge and recover from the Fund all proper charges for administration and management provided to the Fund or in respect of this Scheme.

IN WITNESS whereof this Deed has been executed by the parties the day and year first before written
SEALED by Co-operative Union Limited
in the presence of:

(L.S.)

J. H. Perrow, Chairman

D. L. Wilkinson, General Secretary.

SEALED by Co-operative Bank Limited
in the presence of:

(L.S.)

L. Lee, Director

G. J. Melmoth, Secretary

THE SCHEDULE BEFORE REFERRED TO

This Deed is made the day of 19 BETWEEN CO-OPERATIVE UNION LIMITED of Holyoake House Hanover Street Manchester (hereinafter called "the Union") of the first part CO-OPERATIVE BANK LIMITED of New Century House Corporation Street Manchester (hereinafter called "the Bank") of the second part and LIMITED of
(hereinafter called "the Society") of the third part

WHEREAS

A. This Deed is supplemental to a Deed dated and made between the Union and the Bank establishing a Scheme (hereinafter called "the Scheme") which is called the Co-operative Deposit Protection Scheme.

(a) 1959 c. 33.

B. The purpose of the Scheme is to provide certain protection to Deposits with Participating Societies.

C. The Society is an Industrial and Provident Society and is a member of the Union.

D. The Society has by resolution of its governing body elected to participate in the Scheme and has by such resolution undertaken to adopt and agree to the Scheme.

E. The Society has paid a joining contribution in accordance with clause 5(2) of the said Deed.

F. The Union has approved the admission of the Society to the Scheme as a Participating Society.

NOW THIS DEED WITNESSETH that the Society hereby adopts and agrees to the provisions of the Scheme to the intent that it may become a Participating Society as defined in the Scheme and be bound thereby and undertakes to procure that the Scheme's provisions are incorporated in documents issued by the Society securing Deposits and bind the holders of those Deposits.

IN WITNESS whereof the parties have executed this Deed.

THE COMMON SEAL of CO-OPERATIVE UNION LIMITED was hereunto affixed in the presence of:—

Chairman

General Secretary

THE COMMON SEAL of CO-OPERATIVE BANK LIMITED was hereunto affixed in the presence of:—

Director

Secretary

THE COMMON SEAL OF
SOCIETY LIMITED was hereunto affixed in the presence of:—

Director

Secretary".

J. A. Douglas-Hamilton,
David Waddington,
Two of the Lords Commissioners of Her Majesty's Treasury.

6th March 1980.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

The Banking Act 1979 (Exempt Transactions) Regulations 1979 ("the principal regulations") prescribe certain transactions ("exempt transactions") to which the prohibition on deposit-taking imposed by section 1 of the Banking Act 1979 does not apply. Regulation 3 of these amendment regulations amends regulation 4 of the principal regulations by altering the circumstances in which deposit-taking by charities will be an exempt transaction. Regulation 4 adds two new regulations, numbered 10 and 11, to the principal regulations, thus providing two further exempt transactions. These are deposit taking from their members by the agricultural, forestry and fisheries associations to which the regulation applies and deposit-taking by certain co-operative societies described in the regulations which participate in a scheme for the protection of their depositors against the consequences of the insolvency of such societies. The provisions of the deed establishing the Scheme are set out in full in the Schedule to the new regulation.