



CENTRAL BANK OF THE BAHAMAS

THE BAHAMAS COOPERATIVE CREDIT UNIONS (AMENDMENT) BILL, 2025

AND

**THE BAHAMAS CO-OPERATIVE CREDIT UNIONS
(AMENDMENT) REGULATIONS, 2025**

CONSULTATION PAPER

2 October, 2025

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I. INTRODUCTION

On 1st June, 2015, the Central Bank of The Bahamas (“Central Bank” or “the Bank”) assumed regulatory and supervisory responsibility for co-operative credit unions under The Bahamas Co-operative Credit Unions Act, 2015 (“BCCUA” or “principal Act”) and The Bahamas Co-operative Credit Unions Regulations, 2015 (“Regulations” or “principal Regulations”).

The Central Bank has conducted a review of the BCCUA and Regulations seeking to inter alia expand and strengthen the supervisory powers of the Central Bank to carry out its supervisory objectives and to establish a resolution framework for the credit union sector. In this regard, the Central Bank is proposing amendments to the principal Act and Regulations.

It is worth noting that the Central Bank has also received recommendations from the International Monetary Fund (IMF) on the current legislative framework governing credit unions within The Bahamas. The IMF recommended that a resolution regime be established for failing credit unions, which would include a specified set of triggers for entry into resolution and authorization for the Central Bank to exercise resolution powers in respect of failing credit unions.

The Central Bank proposes to place the crisis management framework for credit unions in the Central Bank of The Bahamas Act, 2020 and the BCCUA through revisions to both pieces of legislation. The Bahamas Co-operative Credit Unions (Amendment) Bill, 2025 (“the BCCU Bill”) seeks to provide for, inter alia the appointment of a statutory administrator of a failing credit union and for the compulsory liquidation of credit unions following statutory administration. The BCCU Bill also seeks to strengthen the Bank’s enforcement powers by authorizing the Bank to issue directives to credit unions that contravene the BCCUA, the Regulations or the Uniform By-laws or which engage in unsafe or unsound practices.

Presently, there are eight (8) independent Bahamian credit unions in operation within The Commonwealth of The Bahamas. The Central Bank’s consultation process involves the circulation of draft documents, in this instance, the enclosed BCCU Bill, BCCU Regulations, the red-lined version of the principal Act for more specificity, and this Consultation Paper.

The Central Bank is hereby seeking a sector-wide consultation and public review. This will ensure that the policies being developed are sound, practical and responsive to the needs of those directly impacted.

The Central Bank invites feedback on the proposed amendments set out in the draft Bahamas Co-operative Credit Unions (Amendment) Bill, 2025, and the Bahamas Co-operative Credit Unions (Amendment) Regulations, 2025 for the enhancement of the legislative framework. Your feedback is

important, as it will provide valuable insights and communicate to us, the possible effects of the proposed legislative reform.

The Central Bank's goal is to achieve a regulatory framework that not only upholds the highest international standards and best practices but one that is also adaptable and sustainable in day-to-day practice.

The Central Bank values its partnership with the co-operative credit union sector, and has engaged in a series of meetings with the Bahamas Co-operative League, and executive management of various credit unions respectively, to discuss the proposed amendments. The Bank also acknowledges the comments and feedback received from the aforesaid stakeholders of the credit union sector on the proposed amendments. These contributions are instrumental in informing the Bank's ongoing efforts to enhance the regulatory framework and ensure that it remains effective, inclusive, and aligned with the sector's realities.

Ultimately, it is the responsibility of the Central Bank as regulator, to finalise a framework that is best suited for our jurisdiction.

II. DETAILS OF THE PROPOSED LEGISLATION

Bahamas Co-operative Credit Unions (Amendment) Bill, 2025 ("BCCU Bill")

The proposed amendments range from minor corrections to a few provisions, to the implementation/introduction of new provisions that either strengthen the Bank's powers to enhance its oversight, provide deterrence of misconduct, and instructional provisions that outline how a co-operative credit union should operate in given circumstances.

For instance, there are provisions that outline the steps to be carried out in liquidations of co-operative credit unions and criteria of fitness and propriety to be considered when assessing candidates for the position of director or a senior management role.

The key provisions of the proposed amendments to PART X of the Act, as set out in the BCCU Bill are as follows:

Uniformity of Terms/ Introduction of New Terms

- I. Clause 2 of the BCCU Bill seeks to introduce terms relative to the innovation and flexibility of meetings that may be held by the credit union.
- II. Clause 6 of the BCCU Bill seeks to amend section 14 of the principal Act by the deletion of the words "order or request", and replacement with the word "directive", to create uniformity as the term "directive" is used across legislation administered by the Central Bank.

- III. Clause 12 of the Bill seeks to make the treatment of dormant accounts under the BCCUA consistent with the treatment of dormant bank accounts and facilities under the Banks and Trust Companies Regulation Act, 2020 and the Central Bank of the Bahamas Act, 2020. It is proposed, inter alia, that the period following which an inactive account at a credit union would be considered dormant, be extended from five to seven years and that the same definitions of “dormant account” and “transaction”, as are used in the BTCRA, be adopted under the BCCUA. The Bill seeks to introduce new factors to be considered when determining whether an account must be deemed dormant, reporting and record retention requirements for credit unions and the procedure for claiming dormant funds.

Introduction of Virtual Annual General Meetings

- IV. Clause 10 of the Bill seeks to introduce a new section 23A into the principal Act, which would permit credit unions to hold virtual annual general meetings. Members who participate in the virtual meeting, would be regarded as having been present at the meeting, irrespective of their virtual attendance. The Bill also seeks to provide for members to vote at virtual meetings.

Removal of Directors

- V. Clause 17 of the draft Bill seeks to amend section 60 of the principal Act, to expand the Central Bank’s powers to remove a sitting director.

Introduction of Board Committees

- VI. After further consideration, the Central Bank is provisionally minded to maintain the supervisory committee in its present form, albeit, that this structure is no longer consistent with the model legislation developed by the World Council of Credit Unions. The Central Bank will still seek to strengthen board-level operations by establishing a board-appointed audit committee. As conceived in the existing credit union legislation the supervisory committee is an oversight body with reporting responsibilities to the shareholders. The Central Bank will also develop regulations to enhance the effectiveness of the supervisory committee.
- VII. Clause 14 of the draft Bill proposes the repeal and replacement of section 48 of the principal Act in order to reform several of the subcommittees of the co-operative credit unions and convert them to board subcommittees. The Bill empowers Boards to establish committees and determine their composition, duties and procedures.

As noted in clause 23, the Central Bank proposes to introduce Audit Committees under Part XII. The audit committee will be established as a subcommittee of the board, consisting of no less than one independent non-executive director, and at least two financial experts, one of whom must be an independent non-executive director (not being a member of the co-operative credit

union for three years preceding the appointment to the committee). All members of the audit committee must possess recognised expertise in accounting or auditing, and must not be persons subject to the disqualifications as outlined in section 50 of the principal Act. Besides the sound experience and expertise that the financial experts bring to the audit committee, their presence would also bring independence to the role.

VIII. Clause 24 of the draft Bill seeks to amend section 80 of the principal Act to re-establish the Nominations Committee as a board subcommittee, comprising three directors who must possess experience in human resources, administration, accounts, finance, business administration, commerce or law.

IX. Clause 27 of the draft Bill seeks to introduce three (3) new sections. They are as follows:

(1) Expansion of Directives

Clause 27 of the draft Bill seeks to introduce three new provisions, 88A, 88B, and 88c, respectively.

Firstly, the proposed section 88A would seek to broaden the Bank's supervisory powers to issue written directives to credit unions, where it is satisfied, for example, that a co-operative credit union has:

- I. failed to comply with a condition imposed or measures required by the Central Bank;
- II. breached any provision, written law or direction of the Central Bank, or bye-law, or written policy of the co-operative credit union;
- III. acted or is likely to act in a manner that gives rise to unsafe or unsound practices;

It is proposed that the Central Bank may issue directives which, inter alia, would require a co-operative credit union to cease and desist from any contravention of the BCCUA, the Regulations or the bye-laws and to remediate any issues identified, to suspend, alter, reduce or terminate any business activity for a period of time, which has been detrimental to the interest of members, or, presents excessive risk to the credit union, or, to take any action that the Bank considers necessary.

(2) Appointment of an Advisor

Secondly, section 88B permits the Central Bank to appoint a person to advise a co-operative credit union on the proper conduct of its affairs, and to report to the Central Bank within the prescribed time. Such appointment would be at the expense of the co-operative credit union.

(3) Appointment of a Statutory Administrator

Thirdly, section 88c authorizes the Bank to appoint a statutory administrator of a failing co-operative credit union at the expense of the co-operative credit union. The proposed Statutory Administrator must meet the fit and proper criteria, required to be met by all directors and officers of a co-operative credit union, and must be able to manage the operations of the co-operative credit union.

Appeals Process

- X. Clause 28 of the Bill seeks to repeal section 92 of the principal Act and replace the section with new provisions, which would mandate the Bahamas Co-operative League Limited (“the League”) to facilitate the establishment of the Co-operative Credit Unions Appeals Panel (“Appeals Panel”). This clause also sets out revised qualifications for members of the Appeals Panel.
- XI. Clause 29 of the draft Bill seeks to introduce a new section 92A in the principal Act, which mandates members of the Appeals Panel to adhere to a code of conduct, established by the League.
- XII. Clause 30 of the draft Bill seeks to repeal section 93 of the principal Act and replace it with a revised provision, clarifying the process for the settlement of disputes among members, past members, co-operative credit unions and the Board.
- XIII. Clause 31 of the draft Bill seeks to repeal and replace section 94 of the principal Act, to allow appeals by a co-operative credit union from a decision of the Central Bank to be brought in the Supreme Court.

Liquidation Process

Clause 38 of the draft Bill proposes amendments to section 99 of the principal Act, as it redefines and solidifies the liquidation process for credit unions. The amendments seek to, inter alia,

- (a) authorize the Bank to determine qualifications required for a person to be appointed as a liquidator of a co-operative credit union;
- (b) set out instances when the Bank may commence a compulsory liquidation of a co-operative credit union;
- (c) authorize the Bank to vary or revoke the appointment of a liquidator at any time, upon written notice;
- (d) authorize the Bank to issue regulations, rules, orders, directions or other instruments regarding the winding up of a co-operative credit union.

- XIV. Clause 35 of the draft Bill seeks to repeal and replace section 101 of the principal Act, and to require co-operative credit unions to obtain the prior consent of the Central Bank before commencing voluntary liquidation.
- XV. Clause 36 of the draft Bill seeks to repeal and replace section 103 of the principal Act to strengthen and expand the powers of the liquidator of a co-operative credit union. These include the power to:
- (i) have unrestricted access to and control over the offices, books of account and other records and assets of a co-operative credit union; and
 - (ii) act as the sole legal representative of the co-operative credit union and succeed to all rights and powers of the directors and officers responsible for the management of the co-operative credit union.

Clause 36 also proposes that any wilful obstruction of the exercise of the liquidator's functions will amount to an offence and a person who commits such offence shall be liable on summary conviction to a fine, not exceeding one hundred thousand dollars, or a term of imprisonment of up to five years, but no less than one year. In the case of a continuing offence, an additional fine of one thousand dollars may be levied for each day during which the offence continues.

- XVI. Clause 38 of the Bill proposes the repeal of section 104 of the principal Act, and the substitution of provisions, which outline the powers of the Central Bank, to give directions to a liquidator.
- XVII. Clause 39 of the Bill proposes to amend section 108 of the principal Act, to empower the Co-operative Credit Unions Appeals Panel, to apply to the Magistrate's or Supreme Court for an attachment order, where it is satisfied that a person with the intent to defraud or delay the execution of any decision that may be given in a dispute referred to the Panel, is about to dispose of the whole or any part of his property.

Apex Body

- XVIII. Clause 40 of the Bill seeks to repeal and replace section 112 of the principal Act, in order to fine-tune the responsibilities of the Apex Body. It is envisaged that the Apex Body would assume an advisory role for the sector, advising and assisting its member credit unions by providing programs and services, such as, education and training, management consultation, centralized accounting, auditing and risk management services, payment and settlement systems, insurance and advocacy of credit unions before the government and the general public, among other things.

VAT Exemption Lifted

- XIX. Clause 42 of the Bill proposes to amend section 123 to remove the exemption from Valued Added Tax payments for credit unions.
- XX. The draft Bill is set out in Annex 1.

The Bahamas Co-operative Credit Unions (Amendment), Regulations 2025

- XXI. The proposed amendment to Regulation 3 of the principal Regulations seeks to remove the restriction from co-operative credit unions, which is, they may only provide personal loans for up to 84 months. The proposed amendment seeks instead to provide co-operative credit unions the flexibility to offer personal loans for longer periods of time and for the loans to be amortized over the tenure of the loan.
- XXII. It is proposed that Regulation 19 of the principal Regulations, which sets out fit and proper criteria, be repealed. The rationale for this change is to place the fit and proper criteria under the principal Act.
- XXIII. The Central Bank proposes to repeal and replace the Fourth Schedule of the principal Regulations, with more concise language, as well as a proposal for the increase of registration and renewal fees.

The draft Bahamas Co-operative Credit Unions (Amendment) Regulations, 2025 are set out in Annex 2.

CONSULTATION PERIOD

The Bank solicits productive feedback from all stakeholders, and invites all interested parties to submit comments on the proposals made in this Consultation Paper. All comments should be submitted no later than, **31 October, 2025**.

Your comments and questions regarding the proposed changes should be directed to:

Policy Unit
Bank Supervision Department
Central Bank of The Bahamas
Email: policy@centralbankbahamas.com