

**Excerpts from**  
**Swedish Credit Unions Act**  
**(1987:667)**  
**or**  
**the Law on**  
**Swedish Credit Union**

## Swedish Credit Unions Act (1987:667)

(excerpts)

“shall” – instruction

“may” – optional

Chapter 1. Introductory provisions

§ 1 The purpose of a Swedish Credit Union is to promote its members' economic interests through economic activity in which the members participate:

- 1.as consumers or other users;
- 2.as suppliers;
- 3.by contributing labor;
- 4.by using the services provided by the association; or
- 5.in another similar way.

(...)

§ 2 A Swedish Credit Union shall be registered.

After an association has been registered it can obtain rights, undertake obligations, and appear in court and before other authorities.

An association with the purpose to promote the economic interests of its members through other economic activities than referred to in § 1, first paragraph cannot obtain rights, undertake obligations, and appear in court and before other authorities unless the association is authorized to do so according to provisions in another Act.

(...)

Chapter 2. The creation of Swedish Credit Unions

§ 1 An Swedish Credit Union shall have at least three members.

The members shall adopt the statutes and appoint a board and auditors. *Act (1993:313)*

§ 2 The statutes shall state:

1. the name of the association;
2. the place in Sweden where the association's board shall be headquartered;
3. the purpose and nature of the association's activities;
4. the contribution with which every member shall participate in the association, how the contributions shall be fulfilled, as well as to what extent a member may contribute to the association with more than he or she is obliged to participate with;
5. if regular charges or charges dependent on special regulations concerning assessment are paid to the association, the amount of charges to be paid or the highest amounts they may reach;
6. the number of or the minimum and maximum number of board members and auditors and possible deputies, their terms of office and, if any of them are to be appointed in another way than in accordance with the provisions in this Act, the way in which to appoint them;
7. where there are to be representatives according to Chapter 7, § 12, their duties, the way in which they are to be appointed and their terms of office;
8. the period within which a meeting of the General Assembly is to be convened, the manner in which it is to be convened and the means of disseminating information to members and representatives;
9. the issues to be dealt with at the general meetings of the General Assembly;
10. the financial year of the association;
11. the ways of distributing the association's profits and the way in which to deal with the association's net assets when the association is dissolved; and
12. the provisions that apply should there be any debenture contributions as described in Chapter 5 or share issue as described in Chapter 10, § 2 a.

(...)

§ 3 The association shall be registered within six months after the decision was taken to create the association.

If the association, according to its statutes or according to a decision taken at a General Assembly meeting, cannot start its activities until a certain condition has been fulfilled, the period in which to apply for registration is counted from the time when the condition has been

fulfilled. The registration may not take place before this time.

(...)

#### Chapter 5. Debenture contributions

§ 1 A Swedish Credit Union may in its statutes allow more capital to be contributed than referred to in Chapter 2, § 2, paragraph 4, item 4 through special contributions (debenture contributions) and the association may also in its statutes allow these contributions to be made by non-members.

(...)

#### Chapter 6. The association's management

(...)

§ 6 The board is responsible for the association's organization and for the management of the association. The executive director is responsible for the day-to-day management according to the board's directions. The executive director may also, without the board's previous approval, perform activities that, with regard to the scope and nature of the association's activities, are of unusual nature or particular importance, if it is impossible to await the board's decision without considerable inconvenience for the association's activity. In these cases the board shall immediately be informed of the measures taken.

The board shall also ensure that the organization's accounting and its management of assets include a satisfactory control. The executive director shall be responsible for that the accounting is performed in accordance with the law and that the management of assets is conducted in a secure manner.

(...)

§ 10 A board member or the executive director may not administer contracts between himself/herself and the association or between the association and a third party when the board member or the executive director has a significant interest in the issue that might be contrary to the interest of the association. Court cases and other proceedings are equated to contracts.

(...)

§ 13 The board or another representative for the association may not enter into legal transactions or undertake other measures that are meant to give an undue advantage to a member or a third party to the disadvantage of the association or other members.

A representative may not obey instructions by the General Assembly or another body of the association if these instructions are contrary to this Act or the statutes of the association.

§ 14 If a representative has exceeded his or her authority when entering into a legal transaction on behalf of the association, the legal transaction is not valid in relation to the association if the other party of the transaction realized or should have realized that the representative exceeded his or her authority. The same applies if the executive director when entering into a legal transaction exceeds his or her authority to act on behalf of the association according to § 6.

#### Chapter 7. The General Assembly

(...)

§ 16 The General Assembly may not pass resolutions aiming to give an undue advantage to a member or a third party to the disadvantage of the association or other members.

§ 17 When a resolution of the General Assembly has not been properly adopted or otherwise contravenes this Act or the statutes, members, holders of debenture shares, the board, board members or the executive director may bring a legal action against the association for the annulment or amendment of the resolution.

The legal action shall be brought against the association within three months from the day the resolution was passed. If the legal action is not brought against the association within this time the right to bring the action is lost.

(...)

#### Chapter 8. Auditing and special examinations

§ 1 A Swedish Credit Union shall have at least one auditor. The auditors are elected by the General Assembly unless the statutes state that one or more auditors are to be appointed in other ways.

An auditor's term of office shall run for the time stated in the statutes. If the term of office is not to continue for an indefinite period, the period shall expire at the end of the general meeting of the General Assembly at which auditors are elected.

(...)

§ 10 The auditors shall, to the extent required by generally accepted auditing standards, examine the association's annual report, the accounts and the board's and the executive director's management of the association.

(...)

The auditors shall follow the special instructions given by the General Assembly, provided that these instructions do not contravene the law, the statutes or the generally accepted auditing standards.

## Chapter 11. Liquidation and dissolution

### Voluntary liquidation

§ 1 The General Assembly may pass a resolution to liquidate the association.

A resolution to liquidate the association is only valid if all those entitled to vote have agreed or if the resolution was passed at two consecutive General Assembly meetings and at the latter meeting was supported by no less than two-thirds of the votes. The statutes of the association may contain more detailed conditions concerning the validity of a resolution to liquidate the association. The liquidation shall have immediate effect or shall commence at a later date decided by the General Assembly.

(...)

§ 2 The board shall immediately refer the issue of liquidation to the General Assembly if there is reason to assume that, due to losses or for other reasons, the association's financial situation will deteriorate to such extent that the association's liabilities cannot be covered by its assets.

### Involuntary liquidation

§ 3 If the number of members of the association drops below the lowest permissible level prescribed by Chapter 2, § 1, the board shall as soon as possible refer the matter of liquidating the association to the General Assembly. Unless a sufficient number of members enter the association within three months after the number of members dropped below the lowest prescribed level, the board shall, unless the General Assembly decided to liquidate the association, ask the court to order the association to enter into liquidation. Such a petition may also be made by a board member, the executive director, an auditor, a member of the association or a holder of a debenture share.

(...)

### The liquidation process

§ 7 When the General Assembly has passed a resolution to liquidate the association, the General Assembly shall immediately notify the court. The court shall then without delay appoint

one or several liquidators. A court that decides to liquidate an association shall at the same time appoint one or several liquidators. The liquidators are replacing the board and the executive director and shall be responsible for liquidating the association.

(...)

#### Dissolution without liquidation

§ 18 If the registration authority has not received any notice concerning the association for the last ten years, the registration authority shall investigate if the association has terminated its activities by sending a letter to the address registered in the association register and also through public notice in Swedish Official Gazette.

Unless information is obtained that the association still exists within two months after the public notice in accordance with paragraph one, the registration authority shall immediately remove the association from the register. The association is thereby dissolved. If liquidation measures are necessary, one or more liquidators shall be appointed by the court at the request of a party whose right is affected thereby. Notice to attend the first meeting of the General Assembly shall be made in accordance with § 16. *Act (1992:1449)*