

1984 No. 368

BUILDING SOCIETIES**Building Societies (Authorised Investments) Order (Northern Ireland) 1984**

Made 23rd October 1984

Coming into operation 1st December 1984

The Registrar, in exercise of the powers conferred upon him by section 58(1) and (2) of the Building Societies Act (Northern Ireland) 1967(a) and of every other power enabling him in that behalf, with the consent of the Department of Economic Development(b), hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Building Societies (Authorised Investments) Order (Northern Ireland) 1984 and shall come into operation on 1st December 1984.

Interpretation

2.—(1) In this Order “value” in relation to the assets or the investments of a building society means the value at which the assets or the investments, as the case may be, are taken into account in the books of the building society.

(2) Reference in this Order to investing funds or the making of an investment shall include investing funds or the making of an investment by way of reinvestment.

Manner of investment

3.—(1) The manner in which a building society may invest any part of its surplus funds is specified in Parts I, II and III of the Schedule, subject however to Articles 4 and 6 so far as the making of any investment in any manner specified in Parts II and III is concerned and subject to Article 5 so far as the making of any investment in the manner specified in paragraphs 8 and 9 of Part I is concerned.

(2) Part IV of the Schedule shall have effect for the purposes of Parts I, II and III thereof and for the interpretation of those Parts.

Restrictions on investment

4. A building society shall not—

- (a) make an investment in any manner specified in Part II of the Schedule unless at the time of the making of such investment it holds investments of any kinds specified in Part I amounting in value to not less than seven and one half per cent. of the value of the assets of the building society at the end of its last financial year before that time;
- (b) make an investment in any manner specified in Part III of the Schedule unless at the time of the making of such investment—
 - (i) it holds investments of any kinds specified in Parts I and II amounting in value to not less than fifteen per cent. of the value of the assets of the building society at the end of its last financial year before that time, and

(a) 1967 c. 31 (N.I.)

(b) Consent function transferred from Department of Commerce by S.I. 1982/846 (N.I. 11) Art. 4

(ii) the value of the investments specified in Part I held by it amounts to not less than seven and one half per cent. of the value of the said assets.

5. Without prejudice to Article 4, a building society shall not—

(a) make an investment in the manner specified in paragraph 8 of Part I of the Schedule (bills of exchange) if the making of the investment would bring the value of the building society's total holding of such investments to more than one per cent. of the value of the assets of the building society at the end of its last financial year;

(b) make an investment in the manner specified in paragraph 9 of Part I of the Schedule (certificates of deposit issued by societies of Great Britain) if the making of the investment would bring the value of the building society's total holding of such investments to more than two and one half per cent. of the value of the assets of the building society at the end of its last financial year.

6.—(1) Funds kept in cash or on current account with or on temporary loan to a bank (being a bank authorised under section 59 of the Building Societies Act (Northern Ireland) 1967 to hold funds of building societies) shall, for the purposes of determining whether an investment in a manner specified in Part II or Part III of the Schedule may be made, be deemed to be investments of a kind specified in Part I of the Schedule.

(2) The expression “temporary loan” in paragraph (1) means a loan which is repayable—

(a) in not more than six months after the date on which the investment referred to in paragraph (1) is to be made, or

(b) by notice to the bank requiring it to repay the loan, such notice being a notice which will expire in not more than six months from the giving thereof and which may be given at any time after the said date.

Manner of holding investment

7.—(1) In the case of any investment specified in Part I, II or III of the Schedule, a building society may cause that investment to be held on its behalf in the name of an authorised nominee.

(2) The expression “authorised nominee” in paragraph (1) means—

(a) any bank which is for the time being authorised under section 59 of the Building Societies Act (Northern Ireland) 1967 to hold funds of building societies; or

(b) any company which is a subsidiary, within the meaning of section 148 of the Companies Act (Northern Ireland) 1960(a), of any bank specified in (a).

Revocation

8. The Building Societies (Authorised Investments) Order (Northern Ireland) 1978(b), the Building Societies (Authorised Investments) (Amendment) Order (Northern Ireland) 1980(c) and the Building Societies (Authorised Investments) (Amendment) Order (Northern Ireland) 1983(d) are hereby revoked.

Dated 23rd October 1984

H. C. Lysk

Registrar of Building Societies

(a) 1960 c. 22 (N.I.)
 (b) S.R. 1978 No. 59
 (c) S.R. 1980 No. 74
 (d) S.R. 1983 No. 49

The Department of Economic Development hereby consents to the foregoing Order.

Sealed with the Official Seal of the Department of Economic Development on 23rd October 1984.

(L.S.)

W. T. McCrory

Assistant Secretary

SCHEDULE

MANNER OF INVESTMENT

PART I

1. In Certificates of Tax Deposit issued by the Treasury, Defence Bonds, National Development Bonds, Ulster Development Bonds, British Savings Bonds, Treasury Bills, Local Authority Bills, National Savings Income Bonds and National Savings Deposit Bonds.

2. In marketable securities issued by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland, being securities which will mature for repayment in not more than five years from the relevant date.

3. In marketable fixed-interest or variable-interest securities of the following descriptions, being securities which will mature for repayment in not more than five years from the relevant date:—

- (a) securities issued in the United Kingdom by the Government of any overseas territory (as defined by the Overseas Service Act 1958(a)) within the Commonwealth, being securities registered in the United Kingdom;
- (b) securities issued in the United Kingdom the repayment of the principal of which and the payment of interest on which is guaranteed by the Government of any overseas territory (as defined by the Overseas Service Act 1958) within the Commonwealth, being securities registered in the United Kingdom;
- (c) securities issued in the United Kingdom by any relevant authority;
- (d) securities issued in the United Kingdom by the International Bank for Reconstruction and Development, being securities registered in the United Kingdom;
- (e) securities issued in the United Kingdom by the Inter-American Development Bank;
- (f) securities issued in the United Kingdom by the European Coal and Steel Community or the European Investment Bank, being securities registered in the United Kingdom;
- (g) securities issued in the United Kingdom by the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Atomic Energy Community, the European Economic Community, the International Finance Corporation or the International Monetary Fund, being securities registered in the United Kingdom.

4. In marketable fixed-interest securities of the following descriptions, being securities which will mature for repayment in not more than five years from the relevant date:—

- (a) securities the repayment of the principal of which and the payment of interest on which are guaranteed by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland;
- (b) securities issued in the United Kingdom by a public authority or nationalised industry or undertaking in the United Kingdom.

5.—(1) In loans of the descriptions contained in sub-paragraph (2), which are repayable—

- (a) in not more than six months after the relevant date, or
- (b) by notice to the borrower requiring it to repay the loan, such notice being a notice which will expire in not more than six months from the giving thereof and which may be given at any time after the relevant date.

(2) The loans referred to in sub-paragraph (1) are:—

- (a) loans to any relevant authority in the United Kingdom which are charged on all or any of the revenues of the authority, or on a fund into which all or any of its revenues are payable;
- (b) loans to the Department of Finance and Personnel the principal of and interest on which are charged on the Consolidated Fund of Northern Ireland.

6. In deposits with any relevant authority in the United Kingdom (not being money borrowed by a local authority to which paragraph 11(1) of Schedule 13 to the Local

Government Act 1972(a), or paragraph 8(1) of Schedule 3 to the Local Government (Scotland) Act 1975(b), or section 63(1) of the Local Government Act (Northern Ireland) 1972(c) applies), by way of temporary loan—

- (a) which is made on the giving of—
 - (i) a receipt for the loan by the Treasurer or other similar officer of the authority, and
 - (ii) an undertaking by the authority that, if requested to charge the loan on all or any of the revenues of the authority or on a fund into which all or any of its revenues are payable, it will either comply with the request or repay the loan, and
- (b) which is repayable by notice to the authority requiring it to repay the loan, such notice being a notice which will expire in not more than seven days from the giving thereof and which may be given at any time—
 - (i) after the making of the loan, or
 - (ii) after a period which does not exceed three months from the relevant date.

7. In certificates of deposit issued by a bank (being a bank authorised under section 59 of the Building Societies Act (Northern Ireland) 1967 to hold funds of building societies and permitted by the Treasury under section 10 of the Exchange Control Act 1947(d) to issue certificates of deposit) which will mature for payment in not more than five years from the date of issue.

8. In bills of exchange which—

- (a) will mature for payment in not more than 180 days from the date of acceptance; and
- (b) are addressed to, and signed as acceptor on behalf of, an eligible bank.

9. In certificates of deposit issued by a society of Great Britain (being a society having assets at the end of its last financial year the value of which exceeded £2,000 million) under which—

- (a) the amount payable by the building society, exclusive of interest, is not less than £50,000; and
- (b) the obligation of the building society to pay that amount arises before the expiry of the period of twelve months beginning on the date of issue of the certificate.

PART II

10. In marketable securities issued by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland, being securities which will mature for repayment in more than five years but in not more than fifteen years from the relevant date.

11. In marketable fixed-interest or variable-interest securities of the descriptions contained in paragraph 3 and marketable fixed-interest securities of the descriptions contained in paragraph 4 of Part I which will mature for repayment in more than five years but not more than fifteen years from the relevant date.

12. In loans of the descriptions contained in paragraph 5(2) of Part I which are repayable in more than six months but in not more than two years from the relevant date.

13. In deposits with any relevant authority in the United Kingdom (not being money borrowed by a local authority to which paragraph 11(1) of Schedule 13 to the Local Government Act 1972, or paragraph 8(1) of Schedule 3 to the Local Government (Scotland) Act 1975, or section 63(1) of the Local Government Act (Northern Ireland) 1972 applies) by way of temporary loan—

- (a) which is made as is provided for in paragraph 6(a) of Part I, and
- (b) which is repayable by notice to the authority requiring it to repay the loan, such notice being a notice which will expire in not more than seven days from the giving thereof and which may be given at any time after a period which exceeds three months but does not exceed one year from the relevant date.

(a) 1972 c. 70
(b) 1975 c. 30

(c) 1972 c. 9 (N.I.)
(d) 1947 c. 14

PART III

14. In marketable securities issued by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland, being securities which will mature for repayment in more than fifteen years but not more than twenty-five years from the relevant date.

15. In marketable fixed-interest or variable-interest securities of the descriptions contained in paragraph 3 and marketable fixed-interest securities of the descriptions contained in paragraph 4 of Part I which will mature for repayment in more than fifteen years but not more than twenty-five years from the relevant date.

16. In loans of the descriptions contained in paragraph 5(2) of Part I which are repayable in more than two years but in not more than five years from the relevant date.

PART IV

INTERPRETATION

17. In this Schedule—

“bills of exchange” has the same meaning as in the Bills of Exchange Act 1882(a);

“certificates of deposit” means certificates relating to money in sterling deposited with the issuer which recognise an obligation to pay a stated amount to bearer or to order, with or without interest, and by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable;

“eligible bank” means a bank named on the list most recently published by the Bank of England of banks whose acceptances are eligible for discount at the Bank of England;

“fixed-interest securities” means securities on which the rate of interest is fixed by the terms of their issue;

“local authority” means any of the following authorities—

(a) in England and Wales, a county council, the Greater London Council, a district council, a London borough council, a parish or community council, the Common Council of the City of London and the Council of the Isles of Scilly;

(b) in Scotland, a local authority within the meaning of section 235 of the Local Government (Scotland) Act 1973(b);

(c) in Northern Ireland, a district council within the meaning of section 1 of the Local Government Act (Northern Ireland) 1972;

“Local Authority Bills” means bills issued in the United Kingdom by a local authority under powers conferred on it by any Act of the Parliament of the United Kingdom or Act of Parliament, Measure or Order in Council;

“marketable” in relation to securities means securities the price of which is quoted on The Stock Exchange or bonds issued in the United Kingdom by a local authority in whole or in part to a bank, discount house, issuing house, or broker in the City of London;

“relevant authority” means any of the following authorities—

(a) any local authority in the United Kingdom;

(b) any authority all the members of which are appointed or elected by one or more local authorities in the United Kingdom;

(c) any authority the majority of the members of which are appointed or elected by one or more local authorities in the United Kingdom, being an authority which by virtue of any enactment has power to issue a precept to a local authority in England, Wales and Northern Ireland, or a requisition to a local authority in Scotland, or to the expenses of which, by virtue of any enactment, a local authority in the United Kingdom is or can be required to contribute;

(d) the Receiver for the Metropolitan Police District or a combined police authority (within the meaning of the Police Act 1964(c));

(a) 1882 c. 61
(b) 1973 c. 65

(c) 1964 c. 48

- (e) a water authority within the meaning of section 2(3) of the Water Act 1973(a);
- (f) a passenger transport executive within the meaning of section 9(1) of the Transport Act 1968(b);

“relevant date” in relation to any security or loan in which an investment is at any time to be made, means the date on which that investment is to be made, and in relation to any security or loan held for the time being as an investment whose value is to be taken into account for the purposes of determining whether an investment specified in Parts II or III may be made, the date on which that investment is to be made;

“securities” includes stock, debentures, debenture stock and bonds, but does not include any securities where the holder is not entitled to require the repayment of the principal, and the payment of interest, in sterling;

“Treasury Bills” includes Bills issued by Her Majesty’s Government in the United Kingdom and Northern Ireland Treasury Bills;

“variable-interest securities” means securities on which the rate of interest is variable by reference to one or more of the following—

- (i) the average rate of discount on allotment on 91-day Treasury Bills;
- (ii) a yield on 91-day Treasury Bills;
- (iii) a London sterling inter-bank offered rate;
- (iv) a London sterling certificate of deposit rate.

18. For the purposes of this Schedule—

- (a) the date on which any security will mature for repayment shall be the last or only date on which that security shall be repayable by or under its terms of issue;
- (b) the date on which a loan will be repayable shall be the last or only date on which that loan shall be repayable by or under the terms of the making of the loan, except that if under the terms of any loan the lender may require its repayment at any date, the date shall be the earliest date on which repayment may be so required.

EXPLANATORY NOTE

(This note is not part of the Order.)

This Order prescribes the manner in which building societies incorporated under the Building Societies Act (Northern Ireland) 1967 or enactments repealed by that Act may invest funds not immediately required for their purposes. It re-enacts and consolidates provisions in the 1978 Order with the same title (S.R. 1978 No. 59) as amended by S.R. 1980 No. 74 and S.R. 1983 No. 49. These three Orders are revoked by this Order.

The Order also makes new provisions about building society investments. The range of investments is extended by adding National Savings Deposit Bonds and marketable fixed-interest or variable-interest securities issued and registered in the United Kingdom by certain international institutions. Building societies are also permitted for the first time to invest within certain limits in bills of exchange and in certificates of deposit issued by building societies registered in Great Britain having assets which exceed £2,000 million.