



Building Societies Act 1986

1986 CHAPTER 53

PART II

CONSTITUTION OF BUILDING SOCIETIES

Establishment

5 Establishment, constitution and powers.

[^{F1}(1) A society may be established under this Act if (and only if) it complies with the following requirements, namely—

- (a) its purpose or principal purpose is that of making loans which are secured on residential property and are funded substantially by its members; and
- (b) its principal office is in the United Kingdom.]

(2) A society is established under this Act on compliance by the persons establishing it with the scheduled requirements and is incorporated under this Act as from the date of registration by the [^{F2}Authority].

(3) A society incorporated under this Act is referred to in this Act as a “building society”.

(4) A society incorporated under the repealed enactments whose principal office, as registered with the central office immediately before the commencement of this section, was in the United Kingdom, shall be deemed to be registered (and accordingly as incorporated) under this Act.

[^{F3}(4A) If, after its establishment, a building society fails to comply with the requirements imposed by subsection (1)(a) or (b) above—

- (a) the powers conferred on the [^{F2}Authority]] by section 36 or 37 shall become exercisable in relation to the society; but
- (b) the failure shall not affect the validity of any transaction or other act.

[^{F4}(5) Subject to the provisions of this Act, a building society shall have the powers conferred on it by its memorandum.]

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (8) Schedule 2 to this Act has effect as respects the constitution, powers, and regulation of building societies and in that Schedule—
- (a) Part I makes provision with respect to the constitution, memorandum, rules and certain incidents of membership;
 - [^{F5}(b) Part II makes provision with respect to the capacity of a society and the powers of its directors to bind it; and]
 - (c) Part III makes provision with respect to meetings, postal ballots and resolutions;
- [^{F6}and in this section “scheduled”, with reference to requirements for establishment, means contained in that Schedule]
- (9) Any obligation imposed by this Act or the rules of a building society to give or send notices or other documents to members is subject to paragraph 14 of that Schedule.
- [^{F7}(10) In this Act “residential property” means land at least 40 per cent of which—
- (a) is normally used as, or in connection with, one or more dwellings; or
 - (b) has been, is being or is to be developed or adapted for such use;
- and for the purposes of this subsection, the area of any land which comprises a building or other structure containing two or more storeys shall be taken to be the aggregate of the floor areas of each of those storeys.]

Textual Amendments

- F1** S. 5(1) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)-(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 1(1)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(a)**
- F2** Words in s. 5(2)(4A)(a) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, **arts. 2, 13(1)** Sch. 3, Pt. II para. 133(a)(b) (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**
- F3** S. 5(4A) inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)-(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 1(2)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(a)**
- F4** S. 5(5) substituted for s. 5(5)-(7) (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)-(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 1(3)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(a)**
- F5** S. 5(8)(b) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 3(1)(a)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(c)**
- F6** Words in s. 5(8) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 3(1)(b)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(c)**
- F7** S. 5(10) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)-(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 1(4)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(a)**

Modifications etc. (not altering text)

- C1** S. 5(8)(c) excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(2)**

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

[^{F8}Making loans]

Textual Amendments

- F8** S. 6 and cross-heading substituted for s. 6 (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 4, 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(d)

[^{F9}6 The lending limit.

- (1) A building society shall secure that the difference between—
- the value of X on any quarter day; and
 - the value of Y on that day or the value of Y on the immediately preceding quarter day, whichever is the greater,
- does not exceed 25 per cent of that value of X.

- (2) For the purposes of subsection (1) above—

X = the difference between the total assets of the society and any subsidiary undertakings of the society as shown in the society's accounts and the aggregate of—

- the liquid assets of the society and any such undertakings as shown in those accounts in pursuance of regulations under section 73(7);
- the fixed assets of the society and any such undertakings as so shown; and
- where any such undertakings are insurance companies within the meaning of the ^{M1}Insurance Companies Act 1982, such of their assets as shown in those accounts as represent long term insurance funds; and

Y = the principal of, and interest accrued on, loans which are owed to the society or any subsidiary undertaking of the society and are fully secured on residential property;

and for the purposes of this subsection the total assets of a society and any subsidiary undertakings of the society shall be taken to be increased by the amount of any provision made for bad or doubtful debts of the society or any such undertaking.

- (3) Any loans owed to the society or any subsidiary undertaking of the society shall be disregarded for the purposes of the definition of “Y” in subsection (2) above to the extent that they are not included in the total assets of the society and any such undertakings as shown in the society's accounts.
- (4) Any reference in subsection (2) or (3) above to anything being shown in a society's accounts shall be construed—
- in relation to a quarter day on which a financial year of the society ends, as a reference to its being shown in the accounts prepared by the society for that year;
 - in relation to any other quarter day, as a reference to its being shown in the accounts which would have been prepared by the society for the year ending on that day if that year were a financial year of the society.
- (5) If a building society fails to comply with the requirement imposed by subsection (1) above—
- the powers conferred on the Commission by section 36 shall become exercisable in relation to the society; but

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) the failure shall not affect the validity of any transaction or other act.
- (6) The Treasury may by order substitute for the percentage specified in subsection (1) above such greater percentage (not greater than 40 per cent) as appears to them to be appropriate; and an order under this subsection may make such supplementary, transitional and saving provision as appears to the Treasury to be necessary or expedient.
- (7) The Commission may, with the consent of the Treasury, by order—
- (a) modify subsections (2) and (3) above in their application to assets of subsidiary undertakings;
 - (b) apply those subsections to corresponding assets of associated undertakings; or
 - (c) modify those subsections in their application to such assets.
- (8) An order under subsection (7) above may make—
- (a) different provision for different circumstances;
 - (b) provision for particular assets of undertakings to be disregarded; and
 - (c) such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.
- (9) The power to make an order under subsection (6) or (7) above is exercisable by statutory instrument.
- (10) No order shall be made under subsection (6) above unless a draft of the order has been laid before and approved by a resolution of each House of Parliament.
- (11) A statutory instrument containing an order under subsection (7) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (12) In this section “long term insurance funds”, in relation to an insurance company within the meaning of the ^{M2}Insurance Companies Act 1982, means funds maintained by it—
- (a) under section 28(1)(b) of that Act (assets attributable to long term business); or
 - (b) where it is incorporated in a country or territory outside the United Kingdom, under the corresponding provisions of the law of that country or territory.
- (13) Where a loan is owed to a lending syndicate of which a building society or connected undertaking of a building society is a member, so much of the loan as is referable to the society’s or undertaking’s participation in the syndicate shall be treated for the purposes of this section and sections 6A and 6B as a loan owed to the society or undertaking.
- (14) In this section and section 7—
- “accounts”—
- (a) in relation to a building society without subsidiary undertakings, means individual accounts under subsection (1) of section 72;
 - (b) in relation to such a society with such undertakings, means group accounts under subsection (2) of that section;
- “quarter day”, in relation to a building society, means a day on which a financial year of the society ends, or a day which is three months, six months or nine months after such a day;
- and references to any value on a quarter day are references to that value at the close of business on that day.

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (15) If an agreement between the Commission and a building society so provides, the definition of “quarter day” in subsection (14) above shall have effect in relation to the society as if for any reference to a number of months there were substituted a reference to a number of days specified in the agreement.]

Textual Amendments

- F9** S. 6 and cross-heading substituted for s. 6 (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 4, 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(d)

Marginal Citations

- M1** 1982 c.50.
M2 1982 c.50.

[^{F10}6A Loans secured on land.

- (1) For the purposes of this Act a loan is secured on land if it is secured by—
- a mortgage of a legal estate in land in England and Wales or Northern Ireland;
 - a heritable security over land in Scotland; or
 - a qualifying security over land in an EEA country or territory other than the United Kingdom.
- (2) For the purposes of this Act a loan is also secured on land if—
- it is secured by a mortgage of an equitable interest in land in England and Wales or Northern Ireland;
 - the equitable interest is an equitable interest in land of a description, and is created in circumstances, prescribed in an order made by the [^{F11}Commission with the consent of the] Treasury; and
 - any conditions prescribed in the order are complied with;
- and an order under this subsection may apply in relation to securities held by or on behalf of building societies or connected undertakings of a description specified in the order, or securities held by or on behalf of all such societies or undertakings other than those of a description so specified.
- (3) For the purposes of this Act—
- a loan shall be treated as secured by a mortgage of a legal estate in registered land in England and Wales or Northern Ireland notwithstanding that the loan is made before the mortgagor is registered as proprietor of the estate; and
 - a loan shall be treated as secured by a heritable security over land in Scotland notwithstanding that the loan is made before title to that land has been transferred to the debtor in the heritable security.
- (4) The [^{F12}Treasury may]by order provide for any provisions of this Act to have effect in relation to loans secured on land outside the European Economic Area with such modifications as appear to [^{F13}them] to be appropriate.
- (5) An order under subsection (2) or (4) above may make such incidental, supplementary and transitional provision as appears to the [^{F14}Treasury] to be necessary or expedient.

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) The power to make an order under subsection (2) or (4) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) In this section and section 6B—
- “EEA country or territory” means a country or territory in the European Economic Area;
- “qualifying security”, in relation to land in an EEA country or territory other than the United Kingdom and a loan, means a security over the land which—
- (a) acknowledges, and requires repayment of, the loan; and
- (b) secures repayment of the loan on the land;
- and for the purposes of this section and that section, the Channel Islands, the Isle of Man and Gibraltar shall be treated as included in the European Economic Area.
- (8) In this Act “land”, in the expression “loan secured on land”, means—
- (a) land in an EEA country or territory; and
- (b) in so far as land in any other country or territory is, under any provision of this Act, land on which loans may be secured, land in that other country or territory.]

Textual Amendments

- F10** S. 6A inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 5, 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(e)
- F11** Words in s. 6A(2)(b) omitted (17.8.2001 for certain purposes and otherwise *prosp.*) by virtue of S.I. 2001/2617, arts. 2(a), 8, 13(1), Sch. 3 Pt. II para. 135(a) (with art. 13(3), Sch. 5) and repealed (*prosp.*) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 4 (with arts. 13(3), Sch. 5)
- F12** Words in s. 6(4) substituted (17.8.2001 for certain purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 8, 13(1), Sch. 3 Pt. II para. 135(b)(i) (with art. 13(3), Sch. 5)
- F13** Word in s. 6(4) substituted (17.8.2001 for certain purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 8, 13(1), Sch. 3 Pt. II para. 135(b)(ii) (with art. 13(3), Sch. 5)
- F14** Word in s. 6(5) substituted (17.8.2001 for certain purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 8, 13(1), Sch. 3 Pt. II para. 135(c) (with art. 13(3), Sch. 5)

[^{F15}6B Loans fully secured on land.

- (1) For the purposes of this Act a loan which is owed to a building society or a subsidiary undertaking of a building society and is secured on residential property or other land is fully secured on the land if—
- (a) the principal of, and interest accrued on, the loan does not exceed the value of the requisite security; and
- (b) no, or no more than one, mortgage of the land which has priority over the society’s or undertaking’s mortgage is outstanding in favour of an outside person.
- (2) Where a mortgage of the residential property or other land which has priority over the society’s or undertaking’s mortgage is outstanding, the principal of the loan secured or, in the case of a loan by instalments, intended to be secured by that mortgage shall

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

be deducted from the value of the requisite security for the purposes of subsection (1) (a) above.

(3) Where the loan is secured on residential property or other land in the United Kingdom, any outstanding charge over the land which—

- (a) in the case of land in England and Wales, is registered in the appropriate local land charges register;
- (b) in the case of land in Scotland, is recorded in the Register of Sasines, or registered in the Land Register, under section 108 of the ^{M3}Civic Government (Scotland) Act 1982 or Schedule 9 to the ^{M4}Housing (Scotland) Act 1987;
- (c) in the case of land in Northern Ireland, is registered in the statutory charges register under section 87 of, and Schedule 11 to, the ^{M5}Land Registration Act (Northern Ireland) 1970,

shall be disregarded for the purposes of subsections (1)(b) and (2) above.

(4) Where, on the occasion on which a building society or a subsidiary undertaking of a building society makes or acquires a loan which is secured on land, the society or undertaking is satisfied that the loan is—

- (a) a loan which is fully secured on residential property;
- (b) a loan which is not so secured but is fully secured on land; or
- (c) a loan which is not fully secured on land,

the loan shall be treated as such a loan for the purposes of this Act until such time (if any) as subsection (7) below applies.

(5) Subsection (4) above shall have effect in relation to a loan which the society or undertaking makes by two or more payments on different dates as if—

- (a) the reference to the occasion on which the society or undertaking makes the loan were a reference to the occasion on which it makes the first of the payments;
- (b) other references to the loan were references to it in its intended maximum amount; and
- (c) the value of any security for the loan were its expected maximum value.

(6) Where a building society or a subsidiary undertaking of a building society makes or acquires a loan which is secured on land, the society or undertaking shall be deemed to be satisfied as mentioned in paragraph (c) of subsection (4) above until such time (if any) as it is satisfied as mentioned in paragraph (a) or (b) of that subsection.

(7) Where at any time, in the case of a loan treated as falling within paragraph (a), (b) or (c) of subsection (4) above, the society or undertaking—

- (a) is satisfied—
 - (i) on a revaluation that the value of the requisite security has changed;
 - (ii) on notice given to it by the borrower that there has been a change in the use of the land;
 - (iii) that so much of the mortgage debt as represents the principal of the loan has changed;
 - (iv) that the principal of the loan secured by a prior mortgage has changed or has been repaid; or
 - (v) that the relative priority of the mortgage of the land on which the loan is secured has changed;

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) is also satisfied that the change or repayment is such that, if it were to make a loan equal to the mortgage debt at that time, the loan would instead be a loan falling within another of those paragraphs; and
- (c) in a case falling within paragraph (a)(i) above, elects that this subsection shall apply,

the loan shall be treated as such a loan for the purposes of this Act until such time (if any) as this subsection again applies.

(8) In this section—

“outside person”, in relation to a building society or a subsidiary undertaking of a building society, means any person other than the following, namely—

- (a) the society;
- (b) a subsidiary undertaking of the society;
- (c) a lending syndicate of which the society or such an undertaking is a member; and
- (d) trustees of a trust under which the society or such an undertaking is a beneficiary;

“the requisite security”, in relation to a loan secured on residential property or other land, means—

- (a) the security constituted by the legal estate in, or the heritable or qualifying security over, the land; or
- (b) in a case where an equitable interest in land in England and Wales or Northern Ireland is or is also taken as security, that constituted by that security or, as the case may be, the combined securities;

“trust” includes arrangements—

- (a) which have effect under the law of a country or territory outside the United Kingdom; and
- (b) under which persons acting in a fiduciary capacity hold and administer property on behalf of other persons,

and “beneficiary” and “trustees”, in relation to such arrangements, shall be construed accordingly.

(9) In the application of subsections (1), (2) and (7) above to residential property or other land in Scotland or an EEA country or territory other than the United Kingdom, references to a mortgage of the land shall be construed as references to a heritable or, as the case may require, qualifying security over the land.]

Textual Amendments

F15 S. 6B inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 6, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(f)**

Modifications etc. (not altering text)

C2 S. 6B(4)(a) modified (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 46(1), 47(3), **Sch. 8 para. 6(1)(a)(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(y)(aa)(iii)**

C3 S. 6B(4)(b) modified (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 46(1), 47(3), **Sch. 8 para. 6(1)(c)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(y)(aa)(iii)**

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

C4 S. 6B(4)(c) modified (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 46(1), 47(3), **Sch. 8 para. 6(1)(d)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(y)(aa)(iii)**

Marginal Citations

M3 1982 c.45.
M4 1987 c.26.
M5 1970 c.18 (N.I.).

[^{F16}6C Discharge of mortgages.

Schedule 2A to this Act, which contains supplementary provisions as to the discharge of mortgages, shall have effect.]

Textual Amendments

F16 S. 6C inserted (1.12.1997) by 1997 c. 32, s. 7(1); S.I. 1997/2668, art. 2, **Sch. Pt. I(a)**

Raising funds and borrowing

[^{F17} The funding limit.

- (1) A building society shall secure that the difference between—
 - (a) the value of X on any quarter day; and
 - (b) the value of Y on that day or the value of Y on the immediately preceding quarter day, whichever is the greater,does not exceed 50 per cent of that value of X.
- (2) For the purposes of subsection (1) above—

X = the aggregate of the following, namely—

 - (a) the principal value of, and interest accrued on, shares in the society;
 - (b) the principal of, and interest accrued on, sums deposited with the society or any subsidiary undertaking of the society; and
 - (c) the principal value of, and interest accrued under, bills of exchange, instruments or agreements creating or acknowledging indebtedness and accepted, made, issued or entered into by the society or any such undertaking; and

Y = the principal value of, and interest accrued on, shares in the society held by individuals otherwise than as bare trustees (or, in Scotland, simple trustees) for bodies corporate or for persons who include bodies corporate.
- (3) The following shall be disregarded for the purposes of subsection (2) above, namely—
 - (a) any sums or amounts which are own funds; and
 - (b) to the extent that they are not included in the total liabilities of the society and any subsidiary undertakings of the society as shown in the society's accounts—
 - (i) any sums deposited with the society or any such undertaking; and

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (ii) any indebtedness created or acknowledged by bills of exchange, instruments or agreements accepted, made, issued or entered into by the society or any such undertaking.
- (4) The reference in subsection (3) above to anything being shown in a society's accounts shall be construed—
 - (a) in relation to a quarter day on which a financial year of the society ends, as a reference to its being shown in the accounts prepared by the society for that year;
 - (b) in relation to any other quarter day, as a reference to its being shown in the accounts which would have been prepared by the society for the year ending on that day if that year were a financial year of the society.
- (5) If a building society fails to comply with the requirement imposed by subsection (1) above—
 - (a) the powers conferred on the [^{F18}Authority] by section 36 shall become exercisable in relation to the society; but
 - (b) the failure shall not affect the validity of any transaction or other act.
- (6) Where an individual declares that he is acquiring any shares in a building society otherwise than as a bare trustee (or, in Scotland, a simple trustee) for a body corporate, or for persons who include a body corporate, he shall, unless the contrary is shown, be conclusively presumed for the purposes of this section to hold the shares otherwise than as such a trustee.
- (7) The [^{F19}Treasury may], by order—
 - (a) modify subsections (2) and (3) above in their application to liabilities of subsidiary undertakings;
 - (b) apply those subsections to corresponding liabilities of associated undertakings; or
 - (c) modify those subsections in their application to such liabilities.
- (8) An order under subsection (7) above may make—
 - (a) different provision for different circumstances;
 - (b) provision for particular liabilities of undertakings to be disregarded; and
 - (c) such supplementary, transitional and saving provision as appears to the [^{F20}Treasury] to be necessary or expedient.
- (9) The power to make an order under subsection (7) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.]

Textual Amendments

- F17** S. 7 substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 8, 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(g)
- F18** Words in S. 7 (5)(a) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8, 13(1), Sch. 3, Pt. II para. 136(a) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(a)
- F19** Words in s. 7(7) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8, 13(1), Sch. 3 Pt. I para. 136(b) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(a)

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F20 Word in s. 7(8)(c) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8, 13(1), **Sch. 3 Pt. II para. 136(c)** (with art. 13(3), Sch. 4); S.I. 2001/3538, **art. 2(a)**

Modifications etc. (not altering text)

C5 S. 7(7)(8): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, art. 2(b), 4(1), **Sch. 1 Pt. III**; S.I. 2001/3538, **art. 2(a)**

[^{F21}8 Raising funds and borrowing.

- (1) Subject to subsection (2) below, a building society shall not do any of the following things, namely—
 - (a) accept a deposit from an individual;
 - (b) raise funds from an individual otherwise than by the issue of shares; and
 - (c) raise funds from a body corporate, or from a bare trustee (or, in Scotland, a simple trustee) for a body corporate or for persons who include a body corporate, otherwise than by the issue of deferred shares.
- (2) Nothing in subsection (1)(a) above shall apply in relation to—
 - (a) the maintenance on behalf of an individual of a current account, or a deposit account which contains in its title the word “client” or the word “trust” or “trustee”;
 - (b) the issue to an individual of a transferable instrument;
 - (c) the acceptance from an individual of a qualifying time deposit or an overseas deposit; or
 - (d) in the case of a building society which has announced publicly that it intends, in accordance with section 97 and the other applicable provisions of this Act, to transfer the whole of its business to a company, anything done by the society during the period of two years beginning with the date of the announcement.
- (3) The [^{F22}Authority] may, if it thinks fit, extend or further extend the period mentioned in subsection (2)(d) above if written application is made to it before the expiry of that period or that period as extended; and a direction under this subsection—
 - (a) shall be in writing;
 - (b) may be given subject to such limitations or conditions as the [^{F22}Authority] may think fit.
- (4) A contravention of subsection (1) above shall not invalidate any transaction or other act.
- (5) The power of a building society to raise funds by the issue of shares is a power—
 - (a) to issue shares of one or more denominations, whether in sterling or another currency; and
 - (b) to issue them either as shares paid up in full or as shares to be paid by periodical or other payments, and (in either case) with accumulating or other interest;and funds so raised may be repaid when they are no longer required for the purposes of the society.
- (6) In the case of deferred shares, the power of a building society to raise funds by the issue of shares includes the issue of shares at a premium.

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (7) If a building society issues deferred shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to the society's reserves.
- (8) For the purposes of this section the acceptance of deposits (including the issue of debt securities) shall not constitute the raising of funds.
- (9) In this section, in relation to a building society—
- “overseas deposit” means a deposit which is accepted by a branch or agency of the society in a country or territory outside the United Kingdom and is repayable in such a country or territory;
- “qualifying time deposit” has the meaning given by section 482(6) of the ^{M6}Income and Corporation Taxes Act 1988;
- “raise funds” means, subject to subsection (8) above, raise funds by the issue of shares or other securities;
- “transferable instrument” means an instrument which embodies a transferable right to receive an amount referable to a deposit with the society.
- (10) A right is transferable for the purposes of the definition of “transferable instrument” in subsection (9) above if it is transferable by delivery of the instrument, or it is a right—
- (a) which may, under the terms of the instrument, be held by any person, or by any person other than a person of a description specified in the instrument;
 - (b) express provision for the transfer of which is included in the instrument; and
 - (c) the transfer of which, under the terms of the instrument, does not require the consent of any person.
- (11) Where an individual declares that he is acquiring any shares in a building society otherwise than as a bare trustee (or, in Scotland, a simple trustee) for a body corporate, or for persons who include a body corporate, he shall, unless the contrary is shown, be conclusively presumed for the purposes of this section to hold the shares otherwise than as such a trustee.
- (12) The [^{F23}Treasury may] by order vary subsections (2), (9) and (10) above by adding to or deleting from them any provision or by varying any provision contained in them; and an order under this subsection may make such supplementary, transitional and saving provision as appears to the [^{F23}Treasury] to be necessary or expedient.
- (13) The power to make an order under subsection (12) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.]

Textual Amendments

- F21** S. 8 substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 9, 47(3)** (with s. 46(1), Sch. 8 para. 9); S.I. 1997/2668, art. 2, **Sch. Pt. II(h)**
- F22** Words in s. 8(3) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8, 13(1), **Sch. 3 Pt. II para. 137(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**
- F23** Words in s. 8(12) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8, 13(1), **Sch. 3 Pt. II para. 137(b)(i)(ii)**, (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Modifications etc. (not altering text)

- C6 S. 8(12): Functions of Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 1(2)(b), 4(1), Sch. 1 Pt. III; S.I. 2001/3538, art. 2(a)

Marginal Citations

- M6 1988 c.1.

9 Initial authorisation to raise funds and borrow money.

- (1) Except to the extent permitted by subsection (3) below, a building society shall not raise money from members or accept deposits of money unless there is in force an authorisation of the Commission granted under this section or treated as granted under this section by any provisions of this Act.
- (2) Authorisation under this section shall, if granted, be granted unconditionally or subject to conditions as provided by subsection (4) or (5) below.
- (3) Authorisation is not required for—
 - (a) the acceptance of payments by way of subscription for deferred shares unless the aggregate of the payments exceeds the amount produced by multiplying the prescribed minimum for qualifying capital by the factor of 2 or such other factor as may be substituted for it by order of the Commission made with the consent of the Treasury;
 - (b) the acceptance of payments for amounts due in respect of shares which represent interest on, or the repayment of, advances made to the holders of shares;
 - (c) borrowing from a banking or finance company, or from a director or other officer of the society, if the society has obtained the consent in writing of the Commission; [^{F24}or
 - (d) borrowing under section 33.]

[^{F25}(3A) The Commission shall not grant authorisation to a society if it appears to the Commission that—

- (a) the society is closely linked with any person; and
- (b) the society's close links with that person, or any matters relating to any non-EEA laws or administrative provisions to which that person is subject, are such as would prevent the effective exercise by the Commission of its supervisory functions in relation to the society;

and in this Act 'non-EEA laws' means laws of a country or territory outside the European Economic Area and "non-EEA administrative provisions" shall be construed accordingly.]

- (4) [^{F26}Subject to subsection (3A) above,]the Commission, on an application duly made for authorisation under this section, shall grant unconditional authorisation to the building society if it is satisfied that—
 - (a) the society has qualifying capital of an amount which is not less than the prescribed minimum;
 - (b) the chairman of the board of directors and any executive directors, the chief executive, the secretary and the managers (if any) are each fit and proper persons to hold their respective offices in the society;

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (c) the board of directors, with the chief executive and secretary, have the capacity and intention to direct the affairs of the society in accordance with the criteria of prudent management and, in so far as those criteria fell to be satisfied before the date of the application, have secured that they were satisfied; ^{F27} . . .
 - [^{F28}(cc) each of the persons who, either alone or with any associate or associates, has a qualifying holding in the society is a fit and proper person to have such a holding; and]
 - (d) the investments of shareholders and depositors will be adequately protected without the imposition of conditions.
- (5) [^{F26}Subject to subsection (3A) above,]if the Commission, on an application so made, is not satisfied of the matters specified in subsection (4) above in relation to the society, it shall—
- (a) if those matters are or include the matters specified in paragraphs (a) and (b), refuse to grant authorisation;
 - (b) in any other case, if it is satisfied that the imposition of conditions would secure the protection of the investments of shareholders and depositors, grant authorisation subject to such conditions to be complied with by the society as the Commission thinks fit to impose to secure that purpose; or
 - (c) if not satisfied, refuse to grant authorisation.
- (6) The conditions that may be imposed under subsection (5) above on granting authorisation to a society may—
- (a) relate to any activities of the society, whether or not those referred to in subsection (1) above; and
 - (b) require the society to take certain steps or to refrain from adopting a particular course of action or to restrict the scope of its business in a particular way.
- (7) Without prejudice to the generality of subsection (6) above, conditions imposed under subsection (5) above may—
- (a) impose limitations on the issue of shares, acceptance of deposits or the making of advances or other loans;
 - (b) require the society to take steps with regard to the conduct of the business of any [^{F29}connected undertaking]; and
 - (c) require the removal of any director or other officer.
- (8) The provisions of Schedule 3 to this Act regulating—
- (a) the making and determination of applications for authorisation,
 - (b) the furnishing of information or additional information in connection with such applications, and
 - (c) the imposition of conditions of authorisation,
- apply in relation to authorisation under this section.
- (9) Conditions imposed under subsection (5) above—
- (a) may be varied from time to time (and notwithstanding any pending appeal) by agreement between the Commission and the society; and
 - (b) may be revoked at any time by the Commission if it is satisfied that the investments of shareholders and depositors will be adequately protected without the conditions;

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

but paragraph (b) above is without prejudice to the power of the Commission, under Part VI, to impose other conditions.

- (10) On granting authorisation to a building society under this section the Commission shall inform the central office of the fact and the central office shall record that fact, and the date on which the authorisation was granted, in the public file of the society.
- (11) If, in contravention of subsection (1) above, a building society raises money from members or accepts deposits of money, then—
- (a) the society shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum; and
 - (b) any officer of the society who is also guilty of the offence shall be liable—
 - (i) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both, and
 - (ii) on summary conviction, to a fine not exceeding the statutory maximum;

but such a contravention does not affect any civil liability arising in respect of the acceptance or of the money accepted.

- (12) Failure by a society to comply with conditions imposed under this section on granting authorisation to the society shall render it liable, if other conditions are not imposed on it under Part VI, to have its authorisation revoked under that Part.
- (13) For the purposes of this section, in relation to a building society—
- “business” includes business the society proposes to carry on;
 - “the prescribed minimum”, in relation to qualifying capital, is [^{F30}ecu 1 million (or an amount of equal value denominated wholly or partly in another unit of account)] or such other sum as the Commission may specify by order made with the consent of the Treasury;
 - “qualifying capital”, in relation to a building society applying for authorisation, means,
 - (a) the aggregate of the nominal value of the qualifying deferred shares issued at the date of the application and the amount of the reserves as shown in the last balance sheet of the society less any accumulated deficit as so shown; or
 - (b) where there is no balance sheet of the society, the nominal value of the qualifying deferred shares issued at the date of application; ^{F31} . . .

[^{F32}“qualifying deferred shares” means deferred shares which constitute own funds of the society,]

[^{F33}“qualifying holding”, in relation to a building society, means a holding of deferred shares in the society which—

- (a) represents 10 per cent. or more of the qualifying deferred shares in the society;
- (b) entitles the holder to exercise or control the exercise of 10 per cent. or more of the voting power at any general meeting of the society; or
- (c) enables the holder to exercise a significant influence over the management of the society.]

[^{F34}(13A) In determining for the purposes of subsection (4)(b) above whether a person is a fit and proper person to hold any particular office, regard shall be had, in particular—

- (a) to his probity;

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) to his competence and soundness of judgement for fulfilling the responsibilities of that office;
 - (c) to the diligence with which he is fulfilling or likely to fulfil those responsibilities; and
 - (d) to whether the interests of shareholders or depositors of the society are, or are likely to be, in any way threatened by his holding that office.]
- (14) Any power of the Commission to make an order under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Textual Amendments

- F24** S. 9(3)(d) and word immediately preceding it repealed (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 46(2), 47(3), Sch. 7 para. 3(1), **Sch. 9**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(y)(z)(ii)(cc)(i)**
- F25** S. 9(3A) inserted (18.7.1996) by S.I. 1996/1669, **reg. 6(1)**
- F26** Words in s. 9(4)(5) inserted (18.7.1996) by S.I. 1996/1669, **reg. 6(1)**
- F27** Word in s. 9(4) immediately following paragraph (c) repealed (1. 1. 1993) by S.I. 1992/3218, **reg. 68(1)**
- F28** S. 9(4)(cc) inserted (1. 1. 1993), by S.I. 1992/3218, **reg. 68(1)**
- F29** Words in s. 9(7) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 3(2)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(ii)**
- F30** Words in s. 9(13) substituted (1. 1. 1993) by S. I. 1992/3218, **reg. 68(2)(a)**
- F31** Word in s. 9(13) preceding the definition of "qualifying deferred shares" omitted (1. 1. 1993) by virtue of S.I. 1992/3218, **reg. 68(2)(b)**
- F32** Definition in s. 9(13) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 3(3)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(ii)**
- F33** Definition in s. 9(13) inserted (1. 1. 1993) by S.I. 1992/3218, **reg. 68(2)(b)**
- F34** S. 9(13A) inserted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 3(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(i)(i)**

[^{F35}Restrictions on powers]

Textual Amendments

- F35** S. 9A and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 10, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(i)**

[^{F36}9A Restrictions on certain transactions.

- (1) Subject to subsections (2) to (4) below, a building society shall not do, and shall secure that each of its subsidiary undertakings does not do, any of the following things, namely—
- (a) act as a market maker in securities, commodities or currencies;
 - (b) trade in commodities or currencies; and
 - (c) enter into any transaction involving derivative investments;

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

but a contravention of this subsection shall not invalidate any transaction or other act.

- (2) No transaction entered into by a building society, or a subsidiary undertaking of a building society, shall be taken into account for the purposes of subsection (1)(a) above if—
- (a) it relates only to securities or currencies or both and the amount or value of the consideration given by the society or undertaking does not exceed £100,000; or
 - (b) it is entered into in the society's or undertaking's capacity as the manager of a collective investment scheme.
- (3) No transaction so entered into shall be taken into account for the purposes of subsection (1)(b) above if—
- (a) it relates only to currencies and the amount or value of the consideration given by the society or undertaking does not exceed £100,000; or
 - (b) it is ancillary or incidental to another transaction entered into by the society or undertaking.
- (4) Nothing in subsection (1)(c) above shall apply in relation to any transaction entered into by a building society, or a subsidiary undertaking of a building society, if—
- (a) it is entered into in the society's or undertaking's capacity as the manager of a collective investment scheme;
 - (b) it is entered into for the purpose of limiting the extent to which the society, or a connected undertaking of the society, will be affected by changes in any of the following factors, namely—
 - (i) interest rates;
 - (ii) exchange rates;
 - (iii) any index of retail prices;
 - (iv) any index of residential property prices;^{F37} . . .
 - (v) any index of the prices of securities; [^{F38}and
 - (vi) the ability or willingness of one or more persons to pay or repay a sum or sums owing at law or in equity to the society or a connected undertaking of the society; or]
 - (c) it involves a derivative investment falling within paragraph (d) of the definition in subsection (9) below and it is entered into for the purpose of limiting the extent to which any person will be affected by changes in any interest or exchange rate applicable to—
 - (i) a loan owed by him to;
 - (ii) shares held by him in; or
 - (iii) a deposit of his with,the society, or a connected undertaking of the society.
- (5) Nothing in subsection (1)(c) above shall apply in relation to any transaction entered into by a subsidiary undertaking of a building society, if it is entered into in the undertaking's capacity—
- (a) as a body authorised under section 3 or 4 of the ^{M7}Insurance Companies Act 1982 (authorised insurance companies) to carry on insurance business of a class specified in Schedule 1 to that Act (classes of long term business); or
 - (b) as an EC company which is authorised under Article 6 of the first long term insurance Directive;

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

and in this subsection expressions which are also used in that Act have the same meanings as in that Act.

- (6) A building society shall also do all that is reasonably practicable to secure that neither it nor any of its subsidiary undertakings (either alone or with any or any others of those undertakings)—
- (a) holds at any time more than 5 per cent of the issued share capital; or
 - (b) is at any time entitled to exercise, or to control the exercise of, more than 5 per cent of the voting power at any general meeting,
- of an undertaking which is, at that time, doing any of the things which the society is prohibited from doing by subsection (1) above, or an undertaking whose subsidiary undertaking is, at that time, doing any of those things.
- (7) The monetary limit in subsection (2) or (3) above refers to the time when the transaction is entered into; and where the amount or value of the consideration there referred to is not in sterling, it shall be converted at the rate of exchange prevailing at that time.
- (8) For the purposes of subsection (2) or (3) above, two or more transactions which form part of a larger transaction or series of transactions shall be treated as a single transaction.
- (9) In this section—
- “collective investment scheme” has the same meaning as in the ^{M8}Financial Services Act 1986;
 - “commodity” means any produce of agriculture, forestry or fisheries, or any mineral, either in its natural state or having undergone only such processes as are necessary or customary to prepare the produce or mineral for the market;
 - “derivative investment” means any investment of a description falling within one or more of the following paragraphs of Part I of Schedule 1 to the Financial Services Act 1986, namely—
 - (a) paragraph 4 (instruments entitling to shares or securities);
 - (b) paragraph 7 (options);
 - (c) paragraph 8 (futures); and
 - (d) paragraph 9 (contracts for differences etc);
 - “market maker” means, subject to subsection (10) below, a person who holds himself out as willing at all normal times to buy or sell at a price specified by him securities, commodities or currencies of a particular description;
 - “securities” means shares, stock, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme and other securities of any description.
- (10) A building society, or subsidiary undertaking of a building society, shall not by reason of holding himself out as willing to issue its own securities be regarded for the purposes of this section as acting as a market maker in such securities.
- (11) The Treasury may by order vary subsections (1) to (10) above by adding to or deleting from them any provision or by varying any provision contained in them.
- (12) [^{F39}The Treasury may] by order—

Status: Point in time view as at 18/08/2001.

Changes to legislation: Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) substitute for the amount specified in subsection (2) or (3) above, or for the percentage specified in subsection (6) above, such other amount or percentage as they think appropriate; or
 - (b) vary subsection (4)(b) above by adding to or deleting from it any reference to a factor or by varying any reference to a factor contained in it.
- (13) An order under subsection (11) or (12) above may make—
- (a) different provision for different cases or purposes; and
 - (b) such supplementary, transitional and saving provision as appears to the Treasury [^{F40}or, as the case may be, the Commission]to be necessary or expedient;
- and the power to make such an order is exercisable by statutory instrument.
- (14) No order shall be made under subsection (11) above unless a draft of the order has been laid before and approved by a resolution of each House of Parliament.
- (15) A statutory instrument containing an order under subsection (12) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.]

Textual Amendments

- F36** S. 9A and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 10, 47(3)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(i)**
- F37** Word in s. 9A(4) omitted (1.7.2001) by virtue of S.I. 2001/1826, **art. 2(a)**
- F38** S. 9A(4)(b)(vi) and the word "and" immediately preceding inserted (1.7.2001) by S.I. 2001/1826, **art. 2(b)**
- F39** Words in s. 9A(12) substituted (17.8.2001 for certain purposes and otherwise prosp.) by S.I. 2001/2617, arts. 2(a), 8, 13(1), **Sch. 3 Pt. II, para. 138 (a)(i)(ii)** (with art. 13(3), Sch. 5)
- F40** Words in s. 9A(13)(b) omitted (17.8.2001 for certain purposes and otherwise prosp.) by virtue of S.I. 2001/2617, arts. 2(a), 8, 13(1), **Sch. 3 Pt. II para. 138(b)** (with art. 13(3), Sch. 5) and repealed (prosp.) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5)

Marginal Citations

- M7** 1982 c.50.
M8 1986 c.60.

[^{F41}9B Restriction on creation of floating charges.

- (1) A building society shall not create a floating charge on the whole or part of its undertaking or property.
- (2) A floating charge created in contravention of this section shall be void.]

Textual Amendments

- F41** S. 9B inserted (9.6.1997) by 1997 c. 32, **s. 11**; S.I. 1997/1427, **art. 2**

Status:

Point in time view as at 18/08/2001.

Changes to legislation:

Building Societies Act 1986, Part II is up to date with all changes known to be in force on or before 17 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.