



# Building Societies Act 1986

## 1986 CHAPTER 53

### PART X

#### DISSOLUTION, WINDING UP, MERGERS AND TRANSFER OF BUSINESS

##### *Dissolution and winding up*

#### **86 Modes of dissolution and winding up.**

(1) A building society—

- (a) may be dissolved by consent of the members, or
- (b) may be wound up voluntarily or by the court,

in accordance with this Part; and a building society may not, except where it is dissolved by virtue of section 93(5), 94(10) or 97(9), [<sup>F1</sup>or following building society insolvency or building society special administration,] be dissolved or wound up in any other manner.

(2) A building society which is in the course of dissolution by consent, or is being wound up voluntarily, may be wound up by the court.

#### **Textual Amendments**

- F1** Words in s. 86(1) inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), [art. 7](#)

#### **87 Dissolution by consent.**

(1) A building society may be dissolved by an instrument of dissolution, with the consent (testified by their signature of that instrument) of three-quarters of the members of the society, holding not less than two-thirds of the number of shares in the society.

(2) An instrument of dissolution under this section shall set out—

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- (a) the liabilities and assets of the society in detail;
  - (b) the number of members, and the amount standing to their credit in the accounting records of the society;
  - (c) the claims of depositors and other creditors, and the provision to be made for their payment;
  - (d) the intended appropriation or division of the funds and property of the society;
  - (e) the names of one or more persons to be appointed as trustees for the purposes of the dissolution, and their remuneration.
- (3) An instrument of dissolution made with consent given and testified as mentioned in subsection (1) above may be altered with the like consent, testified in the like manner.
- (4) The provisions of this Act shall continue to apply in relation to a building society as if the trustees appointed under the instrument of dissolution were the board of directors of the society.
- (5) The trustees, within 15 days of the necessary consent being given and testified (in accordance with subsection (1) above) to—
    - (a) an instrument of dissolution, or
    - (b) any alteration to such an instrument,

shall give notice to the [F<sup>2</sup>FCA and, if the society is a PRA-authorised person, the PRA] of the fact and, except in the case of an alteration to an instrument, of the date of commencement of the dissolution, enclosing a copy of the instrument or altered instrument, as the case may be; and if the trustees fail to comply with this subsection they shall each be liable on summary conviction to a fine not exceeding level 3 on the standard scale.
  - (6) An instrument of dissolution under this section, or an alteration to such an instrument, shall be binding on all members of the society as from the date on which the copy of the instrument or altered instrument, as the case may be, is placed in the public file of the society under subsection (10) below.
  - (7) The trustees shall, within 28 days from the termination of the dissolution, give notice to the [F<sup>3</sup>FCA and, if the society is a PRA-authorised person, the PRA] of the fact and the date of the termination, enclosing an account and balance sheet signed and certified by them as correct, and showing the assets and liabilities of the society at the commencement of the dissolution, and the way in which those assets and liabilities have been applied and discharged; and, if they fail to do so they shall each be liable on summary conviction—
    - (a) to a fine not exceeding level 2 on the standard scale, and
    - (b) in the case of a continuing offence, to an additional fine not exceeding £10 for every day during which the offence continues.
  - (8) Except with the consent of the [F<sup>4</sup>appropriate authority], no instrument of dissolution, or alteration of such an instrument, shall be of any effect if the purpose of the proposed dissolution or alteration is to effect or facilitate the transfer of the society's engagements to any other society [F<sup>5</sup>or the transfer of its business to a company].
  - (9) Any provision in a resolution or document that members of a building society proposed to be dissolved shall accept investments in a company or another society (whether in shares, deposits or any other form) in or towards satisfaction of their rights in the dissolution shall be conclusive evidence of such a purpose as is mentioned in subsection (8) above.

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- (10) The [F6FCA] shall keep in the public file of the society any notice or other document received by it under subsection (5) or (7) above and shall record in that file the date on which the notice or document is placed in it.

#### Textual Amendments

- F2** Words in s. 87(5) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 31\(2\)](#) (with Sch. 12)
- F3** Words in s. 87(7) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 31\(3\)](#) (with Sch. 12)
- F4** Words in s. 87(8) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 31\(4\)](#) (with Sch. 12)
- F5** Words in s. 87(8) substituted (9.6.1997) by 1997 c. 32, s. 43, [Sch. 7 para. 38](#); S.I. 1997/1427, [art. 2\(k\)\(n\)\(x\)](#)
- F6** Word in s. 87(10) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 31\(5\)](#) (with Sch. 12)

## 88 Voluntary winding up.

- (1) A building society may be wound up voluntarily under the applicable winding up legislation if it resolves by special resolution that it be wound up voluntarily[F7], but a resolution may not be passed if—
- the conditions in section 90D are not satisfied, or
  - the society is in building society insolvency or building society special administration.]

[F8(1A) A resolution under subsection (1) shall have no effect without the prior approval of the court.]

- (2) A copy of any special resolution passed for the voluntary winding up of a building society"shall be sent by the society [F9to the FCA and, if the society is a PRA-authorised person, the PRA] within 15 days after it is passed; and the [F10FCA must keep a copy] in the public file of the society.
- (3) A copy of any such resolution shall be annexed to every copy of the memorandum or of the rules issued after the passing of the resolution.
- (4) If a building society fails to comply with subsection (2) or (3) above the society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.
- (5) For the purposes of this section, a liquidator of the society shall be treated as an officer of it.

#### Textual Amendments

- F7** Words in s. 88(1) inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), [art. 4](#)
- F8** S. 88(1A) inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), [art. 4](#)
- F9** Words in s. 88(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 32\(a\)](#) (with Sch. 12)

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**F10** Words in s. 88(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 32\(b\)](#) (with Sch. 12)

## 89 Winding up by court: grounds and petitioners.

- (1) A building society may be wound up under the applicable winding up legislation by the court on any of the following grounds in addition to the grounds referred to or specified in section 37(1), that is to say, if—
- (a) the society has by special resolution resolved that it be wound up by the court;
  - (b) the number of members is reduced below ten;
  - (c) the number of directors is reduced below two;
  - (d) being a society registered as a building society under this Act or the repealed enactments, the society has not been <sup>F11</sup>given permission under <sup>F12</sup>Part 4A] of the Financial Services and Markets Act 2000 to accept deposits] and more than three years has expired since it was so registered;
  - [(e) the society’s permission under <sup>F12</sup>Part 4A] of the Financial Services and Markets Act 2000 to accept deposits has been cancelled (and no such permission has subsequently been given to it);]
  - (f) the society exists for an illegal purpose;
  - (g) the society is unable to pay its debts; or
  - (h) the court is of the opinion that it is just and equitable that the society should be wound up.
- (2) Except as provided by subsection (3) below, section 37 or the applicable winding up legislation, a petition for the winding up of a building society may be presented by—
- <sup>F13</sup>(a) the FCA, after consulting the PRA if the society is a PRA-authorized person,
  - (aa) if the society is a PRA-authorized person, the PRA, after consulting the FCA,]
  - (b) the building society or its directors,
  - (c) any creditor or creditors (including any contingent or any prospective creditor), or
  - (d) any contributory or contributories,
- or by all or any of those parties, together or separately.
- (3) A contributory may not present a petition unless either—
- (a) the number of members is reduced below ten, or
  - (b) the share in respect of which he is a contributory has been held by him, or has devolved to him on the death of a former holder and between them been held, for at least six months before the commencement of the winding up.
- (4) For the purposes of this section, in relation to a building society,
- <sup>F14</sup>(a) . . . . .
  - <sup>F15</sup>(b) the reference to its existing for an illegal purpose includes a reference to its existing after it has ceased to comply with the requirement imposed by section 5(1)(a) (purpose or principal purpose).]
- (5) In this section, “contributory” has the same meaning as in paragraph 9(2) or, as the case may be, paragraph 37(2) of Schedule 15 to this Act.

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#### Textual Amendments

- F11** S. 89(1)(e) and words in s. 89(1)(d) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), **Sch. 3 Pt. II, para. 175(a)(i)(ii)** (with art. 13(3), Sch. 5) S.I. 2001/3538, **art. 2(a)**
- F12** Words in s. 89(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 33(2)** (with Sch. 12)
- F13** S. 89(2)(a)(aa) substituted for s. 89(2)(a) (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 33(3)** (with Sch. 12)
- F14** S. 89(4)(a) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5 and with saving in S.I. 2001/2967, **arts. 1(2), 9(1)(c)**); S.I. 2001/3538, **art. 2(1)**
- F15** S. 89(4)(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. 43, 47(3), **Sch. 7 para. 39**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxiii)**

#### [<sup>F16</sup>89A. Building society insolvency as alternative order

- (1) On a petition for a winding up order or an application for an administration order in respect of a building society the court may, instead, make a building society insolvency order (under section 94 of the Banking Act 2009 as applied by section 90C below).
- (2) A building society insolvency order may be made under subsection (1) only—
  - (a) on the application of the [<sup>F17</sup>appropriate authority] made with the consent of the Bank of England, or
  - (b) on the application of the Bank of England.]

#### Textual Amendments

- F16** S. 89A inserted (29.3.2009) by The Building Societies (Insolvency and Special Administration) Order 2009 (S.I. 2009/805), **art. 5**
- F17** Words in s. 89A(2)(a) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 34** (with Sch. 12)

#### 90 Application of winding up legislation to building societies.

- (1) In this section “the companies winding up legislation” means the enactments applicable in relation to England and Wales, Scotland or Northern Ireland which are specified in paragraph 1 of Schedule 15 to this Act (including any enactment which creates an offence by any person arising out of acts or omissions occurring before the commencement of the winding up).
- (2) In its application to the winding up of a building society, by virtue of section 88(1) or 89(1), the companies winding up legislation shall have effect with the modifications effected by Parts I to III of Schedule 15 to this Act; and the supplementary provisions of Part IV of that Schedule shall also have effect in relation to such a winding up.
- (3) In sections 37, 88, 89 and 103, “the applicable winding up legislation” means the companies winding up legislation as so modified.

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**Modifications etc. (not altering text)**

**C1** S. 90(3) excluded by [S.I. 1986/2168](#), [art. 11](#)

**[<sup>F18</sup>90A Application of other companies insolvency legislation to building societies.**

For the purpose of—

- (a) enabling voluntary arrangements to be approved in relation to building societies,
- (b) enabling administration orders to be made in relation to building societies, and
- (c) making provision with respect to persons appointed in England and Wales or Northern Ireland as receivers and managers of building societies' property,

the enactments specified in paragraph 1(2) of Schedule 15A to this Act shall apply in relation to building societies with the modifications specified in that Schedule.]

**Textual Amendments**

**F18** S. 90A inserted (1.12.1997) by [1997 c. 32, s. 39\(1\)](#); [S.I. 1997/2668](#), [art. 2](#), [Sch. Pt. I\(i\)](#)

**Modifications etc. (not altering text)**

**C2** S. 90A applied (with modifications) (7.4.2010) by [The Building Societies \(Financial Assistance\) Order 2010 \(S.I. 2010/1188\)](#), [arts. 1\(2\), 10](#) (as amended (with application in accordance with art. 1(4) of the amending S.I.) by [The Building Societies \(Floating Charges and Other Provisions\) Order 2016 \(S.I. 2016/679\)](#), [art. 1\(1\)\(2\), 5\(2\)](#))

**[<sup>F19</sup>90B Power to alter priorities on dissolution and winding up**

- (1) The Treasury may by order make provision for the purpose of ensuring that, on the winding up, or dissolution by consent, of a building society, any assets available for satisfying the society's liabilities to creditors or to shareholders are applied in satisfying those liabilities *pari passu*.
- (2) Liabilities to creditors do not include—
  - (a) liabilities in respect of subordinated deposits;
  - (b) liabilities in respect of preferential debts;
  - (c) any other category of liability which the Treasury specifies in the order for the purposes of this paragraph.
- (3) Liabilities to shareholders do not include liabilities in respect of deferred shares.
- (4) A preferential debt is a debt which constitutes a preferential debt for the purposes of any of the enactments specified in paragraph 1 of Schedule 15 to this Act (or which would constitute such a debt if the society were being wound up).
- (5) An order under this section may—
  - (a) make amendments of this Act;
  - (b) make different provision for different purposes;
  - (c) make such consequential, supplementary, transitional and saving provision as appears to the Treasury to be necessary or expedient.

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- (6) The power to make an order under this section is exercisable by statutory instrument but no such order may be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.]

#### Textual Amendments

**F19** S. 90B inserted (20.11.2014) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\)](#), **ss. 2, 6(2)**; S.I. 2014/2796, art. 2

### [<sup>F20</sup>90C. Application of bank insolvency and administration legislation to building societies

- (1) Parts 2 (Bank Insolvency) and 3 (Bank Administration) of the Banking Act 2009 shall apply in relation to building societies with any modifications specified in an order made under section 130 or 158 of that Act and with the modifications specified in subsection (2) below.
- (2) In the application of Parts 2 and 3 of that Act to building societies—
- references to “bank” (except in the term “bridge bank” and the terms specified in paragraphs (b) and (c)) have effect as references to “building society”;
  - references to “bank insolvency”, “bank insolvency order”, “bank liquidation” and “bank liquidator” have effect as references to “building society insolvency”, “building society insolvency order”, “building society liquidation” and “building society liquidator”;
  - references to “bank administration”, “bank administration order” and “bank administrator” have effect as references to “building society special administration”, “building society special administration order” and “building society special administrator”.]

#### Textual Amendments

**F20** S. 90C inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), **art. 2**

### [<sup>F21</sup>90D. Notice to the [<sup>F22</sup>FCA and the PRA] of preliminary steps

- An application for an administration order in respect of a building society may not be determined unless the conditions below are satisfied.
- A petition for a winding up order in respect of a building society may not be determined unless the conditions below are satisfied.
- A resolution for voluntary winding up of a building society may not be passed unless the conditions below are satisfied.
- An administrator of a building society may not be appointed unless the conditions below are satisfied.
- Condition 1 is that the [<sup>F23</sup>FCA]<sup>F24</sup>, the Bank of England] and, if the society is a PRA-authorised person, the PRA have] been notified—

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- (a) by the applicant for an administration order, that the application has been made,
  - (b) by the petitioner for a winding up order, that the petition has been presented,
  - (c) by the building society, that a resolution for voluntary winding up may be passed, or
  - (d) by the person proposing to appoint an administrator, of the proposed appointment.
- (6) Condition 2 is that a copy of the notice complying with Condition 1 has been filed with the court (and made available for public inspection by the court).
- (7) Condition 3 is that—
- (a) the period of [<sup>F25</sup>7 days] , beginning with the day on which the notice is received, has ended, or
  - [<sup>F26</sup>(b) both—
    - (i) the Bank of England has informed the person who gave the notice that it does not intend to exercise a stabilisation power under Part 1 of the Banking Act 2009 in relation to the building society (and condition 5 has been met, if applicable), and
    - (ii) each of the PRA and the Bank of England has informed the person who gave the notice that it does not intend to apply for a building society insolvency order (under section 95 of the Banking Act 2009 as applied by section 90C).]
- (8) Condition 4 is that no application for a building society insolvency order is pending.
- [ Condition 5—
- <sup>F27</sup>(8A) (a) applies only if a resolution instrument has been made under section 12A of the Banking Act 2009 with respect to the building society in the three months ending with the date on which the Bank of England receives the notification under Condition 1, and
- (b) is that the Bank of England has informed the person who gave the notice that it consents to the insolvency procedure to which the notice relates going ahead.]
- (9) Arranging for the giving of notice in order to satisfy Condition 1 can be a step with a view to minimising the potential loss to a building society’s creditors for the purpose of section 214 of the Insolvency Act 1986 (wrongful trading) or Article 178 (wrongful trading) of the Insolvency (Northern Ireland) Order 1989 as applied in relation to building societies by section 90 of, and Schedule 15 to, this Act.
- (10) Where [<sup>F28</sup>the society is a PRA-authorized person and][<sup>F29</sup>notice has been given under Condition 1] —
- <sup>F30</sup>(a) .....
  - (b) the [<sup>F31</sup>PRA] shall inform the person who gave the notice, within the period in Condition 3(a), whether it intends to apply for a building society insolvency order, <sup>F32</sup>...
  - (c) if the Bank of England decides to apply for a building society insolvency order or to exercise a stabilisation power under Part 1 of the Banking Act 2009, the Bank shall inform the person who gave the notice, within the period in Condition 3(a)[<sup>F33</sup>; and



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- (d) if Condition 5 applies, the Bank of England must, within the period in Condition 3(a), inform the person who gave the notice whether or not it consents to the insolvency procedure to which the notice relates going ahead.]

<sup>F34</sup> [ Where the society is not a PRA-authorised person and [<sup>F35</sup>notice has been received (11) under Condition 1]

- <sup>F36</sup>(a) . . . . .
- (b) if the Bank of England decides to apply for a building society insolvency order or to exercise a stabilisation power under Part 1 of the Banking Act 2009, the Bank shall inform the person who gave the notice, within the period in Condition 3(a)]<sup>F37</sup>; and
- (c) if Condition 5 applies, the Bank of England must, within the period in Condition 3(a), inform the person who gave the notice whether or not it consents to the insolvency procedure to which the notice relates going ahead.]

<sup>F38</sup> [ References in this section to the insolvency procedure to which the notice relates are (12) to the procedure for the determination, resolution or appointment in question (see subsections (1) to (4)).]

#### Textual Amendments

- F21** Ss. 90D, 90E inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), **art. 6**
- F22** Words in s. 90D heading substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), **art. 1(1)**, **Sch. 8 para. 35(6)** (with Sch. 12)
- F23** Words in s. 90D(5) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), **art. 1(1)**, **Sch. 8 para. 35(2)** (with Sch. 12)
- F24** Words in s. 90D(5) inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(2)**
- F25** Words in s. 90D(7)(a) substituted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(3)(a)**
- F26** S. 90D(7)(b) substituted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(3)(b)**
- F27** S. 90D(8A) inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(4)**
- F28** Words in s. 90D(10) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), **art. 1(1)**, **Sch. 8 para. 35(4)(a)** (with Sch. 12)
- F29** Words in s. 90D(10) substituted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(5)(a)**
- F30** S. 90D(10)(a) omitted (10.1.2015) by virtue of [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(5)(b)**
- F31** Word in s. 90D(10) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), **art. 1(1)**, **Sch. 8 para. 35(4)(b)** (with Sch. 12)
- F32** Word in s. 90D(10)(b) omitted (10.1.2015) by virtue of [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(5)(c)**
- F33** S. 90D(10)(d) and word inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(5)(d)**
- F34** S. 90D(11) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), **art. 1(1)**, **Sch. 8 para. 35(5)** (with Sch. 12)
- F35** Words in s. 90D(11) substituted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(6)(a)**
- F36** S. 90D(11)(a) omitted (10.1.2015) by virtue of [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), **arts. 1, 4(6)(b)**

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- F37** S. 90D(11)(c) and word inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **4(6)(c)**
- F38** S. 90D(12) inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **4(7)**

## 90E. Disqualification of directors

- (1) In this section “the Disqualification Act” means the Company Directors Disqualification Act 1986.
- (2) In the Disqualification Act—
  - (a) a reference to liquidation includes a reference to building society insolvency and a reference to building society special administration,
  - (b) a reference to winding up includes a reference to making or being subject to a building society insolvency order and a reference to making or being subject to a building society special administration order,
  - (c) a reference to becoming insolvent includes a reference to becoming subject to a building society insolvency order and a reference to becoming subject to a building society special administration order, and
  - (d) a reference to a liquidator includes a reference to a building society liquidator and a reference to a building society special administrator.
- (3) For the purposes of the application of section 7(3) of the Disqualification Act (disqualification order or undertaking) to a building society which is subject to a building society insolvency order, the responsible office-holder is the building society liquidator.
- (4) For the purposes of the application of that section to a building society which is subject to a building society special administration order, the responsible office-holder is the building society special administrator.
- (5) In the application of this section to Northern Ireland, references to the Disqualification Act are to the Company Directors Disqualification (Northern Ireland) Order 2002 and the reference in subsection (3) to section 7(3) of the Disqualification Act is a reference to Article 10(4) of that Order (disqualification order or undertaking; and reporting provisions).]

### Textual Amendments

- F21** Ss. 90D, 90E inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), art. 6

## 91 Power of court to declare dissolution of building society void.

- (1) Where a building society has been dissolved under section 87 or following a winding up, [<sup>F39</sup>building society insolvency or building society special administration,] the High Court or, in relation to a society whose principal office was in Scotland, the Court of Session, may, at any time within 12 years after the date on which the society was dissolved, make an order under this section declaring the dissolution to have been void.
- (2) An order under this section may be made, on such terms as the court thinks fit, on an application by the trustees under section 87 or the liquidator, [<sup>F40</sup>building society

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liquidator or building society special administrator,] as the case may be, or by any other person appearing to the Court to be interested.

- (3) When an order under this section is made, such proceedings may be taken as might have been taken if the society has not been dissolved.
- (4) The person on whose application the order is made shall, within seven days of its being so made, or such further time as the Court may allow, [<sup>F41</sup>furnish the FCA and, if the society is a PRA-authorized person, the PRA] with a copy of the order; and the [<sup>F42</sup>FCA must keep a copy] in the public file of the society.
- (5) If a person fails to comply with subsection (4) above, he shall be liable on summary conviction—
  - (a) to a fine not exceeding level 3 on the standard scale, and
  - (b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues.

#### Textual Amendments

- F39** Words in s. 91(1) inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), **art. 8(a)**
- F40** Words in s. 91(2) inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), **art. 8(b)**
- F41** Words in s. 91(4) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), **art. 1(1)**, **Sch. 8 para. 36(a)** (with Sch. 12)
- F42** Words in s. 91(4) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), **art. 1(1)**, **Sch. 8 para. 36(b)** (with Sch. 12)

#### [<sup>F43</sup>92] Supplementary.

Where at any time a building society is being wound up or dissolved by consent, [<sup>F44</sup>or is in building society insolvency or building society special administration,] a borrowing member shall not be liable to pay any amount other than one which, at that time, is payable under the mortgage or other security by which his indebtedness to the society in respect of the loan is secured.]

#### Textual Amendments

- F43** S. 92 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. 40**; S.I. 1997/2668, **art. 2**, **Sch. Pt. II(w)(z)(xxiv)**
- F44** Words in s. 92 inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), **art. 9**

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[<sup>F45</sup>New business]

**Textual Amendments**

**F45** S. 92A and cross-heading preceding it 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. 29, 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(u)

[<sup>F46</sup>92A **Acquisition or establishment of a business.**

- (1) A building society—
  - (a) in order to acquire, or allow a subsidiary undertaking to acquire, a business to which subsections (3) and (4) below apply; or
  - (b) in order to establish, or allow such an undertaking to establish, a business to which subsections (3) and (5) below apply,
 must resolve so to do by an ordinary resolution; but a failure to comply with this subsection shall not invalidate any transaction or other act.
- (2) In order to be effective for the purposes of subsection (1) above, an ordinary resolution of a building society must be passed by a majority of the members of the society entitled to vote on such a resolution and voting either—
  - (a) in person or by proxy on a poll on the resolution at a meeting of the society; or
  - (b) in a postal [<sup>F47</sup>or electronic] ballot on the resolution;
 and in a case falling within paragraph (a) above, a form for the appointment of a proxy shall be sent to each person entitled to notice of the meeting.
- (3) This subsection applies to a business which is proposed to be acquired or established if, in the opinion of the board of directors of the society—
  - (a) the greater part of the income of the business is or will be derived from activities having no connection with loans secured on residential property;
  - (b) the greater part of the resources of the business are or will be devoted to such activities; or
  - (c) the greater part of the business consists or will consist of such activities.
- (4) This subsection applies to a business which is proposed to be acquired if X is not less than 15 per cent of Y where—
 

X = the amount or value of the consideration to be given for the shares, voting rights or assets proposed to be acquired;

Y = the amount of the society's own funds as at the relevant date.
- (5) This subsection applies to a business which is proposed to be established if X is not less than 15 per cent of Y where—
 

X = the aggregate of the following as estimated by the society, namely—

  - (a) the cost of acquiring, developing, adapting or repairing any premises required for the purposes of the business;
  - (b) the initial cost of acquiring any plant or equipment, or any intellectual property, so required;
  - (c) the initial cost of employing or training staff so required;

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- (d) the cost of obtaining any professional advice required in connection with the establishment of the business;
- (e) any other non-recurring items of expenditure to be incurred in that connection; and
- (f) in the case of a business proposed to be established by a subsidiary undertaking, the amount of any capital to be provided by the society which will not be used for defraying items of expenditure falling within the foregoing paragraphs;

Y = the amount of the society's own funds as at the relevant date.

- (6) Where a business is proposed to be acquired or established by a syndicate whose members include a building society or subsidiary undertaking—
  - (a) subsection (1) above shall have effect as if the business were proposed to be acquired or (as the case may be) established by the society; and
  - (b) whichever of subsections (4) and (5) above is applicable shall have effect as if X were only so much of X as is referable to participation in the syndicate by the society or undertaking.
- (7) For the purposes of subsections (1)(a) and (4) above, two or more proposed acquisitions by a building society or subsidiary undertaking which will form part of a larger acquisition or series of acquisitions shall be treated as a single acquisition.
- (8) Nothing in this section shall apply in relation to a building society in so far as it undertakes, in accordance with section 94 and Schedule 16 to this Act, to fulfil engagements transferred to it in accordance with that section and that Schedule.
- (9) In this section—
  - “initial”, in relation to any cost, means incurred, or likely in the directors' opinion to be incurred, not later than 12 months after the establishment of the business;
  - “intellectual property” includes—
    - (a) any patent, know-how, trade mark, service mark, registered design, copyright or design right; and
    - (b) any licence under or in respect of any such right;
  - “the relevant date”, in relation to a building society, means—
    - (a) the date of the end of its last financial year or, failing that, the date of its establishment; or
    - (b) where it has been involved in a transfer of engagements, the date of that transfer,

whichever is the later.
- (10) The [<sup>F48</sup>Treasury may] by order substitute for the percentage specified in subsection (4) or (5) above such other percentage as appears to [<sup>F49</sup>them] to be appropriate; and an order under this subsection may make such supplementary, transitional and saving provision as appears to the [<sup>F50</sup>Treasury] to be necessary or expedient.
- (11) The [<sup>F51</sup>Treasury may] by order vary subsections (5) and (9) 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—
  - (a) different provisions for different cases or purposes; and

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- (b) such supplementary, transitional and saving provision as appears to the [<sup>F52</sup>Treasury] to be necessary or expedient.
- (12) The power to make an order under subsection (10) or (11) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.]

#### Textual Amendments

- F46** S. 92A and cross-heading preceding it 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. 29, 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(u)
- F47** Words in s. 92A(2)(b) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), 30(5)
- F48** Words in s. 92A(10) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), Sch. 3 Pt. II, para. 176(a)(i) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(a)
- F49** Word in s. 92A(10) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/1149, art. 13(1), Sch. 3 Pt. II para. 176(a)(ii) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(a)
- F50** Word in s. 92A(10) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/1149, art. 13(1), Sch. 3 Pt. II para. 176(a)(iii) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(a)
- F51** Words in s. 92A(11) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), Sch. 3 Pt. II, para. 176(b)(i) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(a)
- F52** Word in s. 92A(11)(b) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), Sch. 3 Pt. II para. 176(b)(ii) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(a)

#### Modifications etc. (not altering text)

- C3** S. 92A(10)(11): Functions of Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), Sch. 1 Pt. III (art. 5)

### *Mergers*

#### 93 Amalgamations.

- (1) Any two or more buildings societies desiring to amalgamate may do so by establishing a building society as their successor in accordance with this section and Schedule 16 to this Act
- (2) In order to establish a building society as their successor the societies desiring to amalgamate must—
- [<sup>F53</sup>(a) agree the purpose or principal purpose of their successor to be that of making loans which are secured on residential property and are funded substantially by its members, and agree upon the extent of its powers, in a memorandum which complies with the requirements of Schedule 2 to this Act;]
- (b) agree upon the rules for the regulation of their successor which comply with the requirements of that Schedule;
- [<sup>F54</sup>(c) each approve the terms of the amalgamation by two resolutions which also approve the memorandum and the rules of their successor and of which—
- (i) one is passed as a shareholding members' resolution, and
- (ii) the other is passed as a borrowing members' resolution,
- in accordance with the applicable provisions of that Schedule;]

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- (d) make a joint application to the <sup>F55</sup>appropriate authority] for confirmation of the amalgamation and send to the <sup>F56</sup>[<sup>F57</sup>FCA and, if the society is a PRA-<sup>F58</sup>authorised person, the PRA] <sup>F59</sup>three] copies of the rules and of the memorandum, each copy signed by the secretary of each of the societies.
- (3) If the <sup>F58</sup>appropriate authority] confirms the amalgamation under section 95, <sup>F59</sup>and] <sup>F60</sup>the FCA] is satisfied, as regards the proposed successor, of the matters relating to its rules, its purpose and powers and its name as to which it must, under paragraph 1 of Schedule 2 to this Act, be satisfied before it registers a society, <sup>F61</sup>the FCA must] —
- (a) register the successor society,
  - (b) issue to it a certificate of incorporation, specifying a date (“the specified date”) as from which the incorporation takes effect,
  - (c) retain and register one copy of the memorandum and of the rules,
  - (d) return another copy to the secretary of the successor, together with a certificate of registration, and
  - (e) keep another copy, together with a copy of the certificate of incorporation and of the certificate of registration of the memorandum and the rules, in the public file of the successor society.
- (4) On the specified date all the property, rights and liabilities of each of the societies whose amalgamation was confirmed by the <sup>F62</sup>appropriate authority] (whether or not capable of being transferred or assigned) shall by virtue of this subsection be transferred to and vested in the society so incorporated as their successor.
- (5) On the specified date, each of the societies to which the successor succeeds shall be dissolved by virtue of this subsection; but the transfer effected by subsection (4) above shall be deemed to have been effected immediately before the dissolution.
- <sup>F63</sup>(6) If, on the specified date, each of the societies whose amalgamation was confirmed by the <sup>F64</sup>appropriate authority] has permission under <sup>F65</sup>Part 4A] of the Financial Services and Markets Act 2000 to accept deposits, the <sup>F64</sup>appropriate authority] shall, with effect from that date, give their successor such permission under that Part as it considers appropriate, and shall notify the successor of the permission by giving the successor a decision notice.
- (6A) Part XXVI of the Financial Services and Markets Act 2000 applies to a decision notice given under this section as it applies to a decision notice given under <sup>F66</sup>subsection (5) of section 55V of that Act by virtue of paragraph (a) or (b) of that subsection] , except that—
- (a) section 390 (final notices) does not apply, and
  - (b) for the purposes of section 391 (publication) the decision notice is to be treated as if it were a final notice rather than a decision notice.
- (6B) The giving of permission pursuant to subsection (6) above is to be treated for the purposes of <sup>F67</sup>section 55Z3] of the Financial Services and Markets Act 2000 (right to refer matters to the <sup>F68</sup>Upper Tribunal]) as if it were the determination of an application made by the successor under <sup>F69</sup>Part 4A] of that Act, and Part IX of that Act (hearings and appeals) applies accordingly (but subject to subsection (6C) below).
- (6C) In the application of Part IX of that Act by virtue of subsection (6B) above, <sup>F70</sup>section 133A(4)] (which prevents <sup>F71</sup>... action specified in a decision notice <sup>F72</sup>from being taken] until after any reference and appeal) is omitted.]

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F73(7) .....

### Textual Amendments

- F53** S. 93(2)(a) substituted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 41(a)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(l)(viii)**
- F54** S. 93(2)(c) 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. 4(4)1(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxv)**
- F55** Words in s. 93(2)(d) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(2)(a)** (with Sch. 12)
- F56** Words in s. 93(2)(d) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), **Sch. 3 Pt. II para. 177(a)(ii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**
- F57** Words in s. 93(2)(d) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(2)(b)** (with Sch. 12)
- F58** Words in s. 93(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(3)(a)** (with Sch. 12)
- F59** Word in s. 93(3) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), **Sch. 3 Pt. II para. 177(b)(ii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**
- F60** Words in s. 93(3) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(3)(b)** (with Sch. 12)
- F61** Words in s. 93(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(3)(c)** (with Sch. 12)
- F62** Words in s. 93(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(4)** (with Sch. 12)
- F63** S. 93(6)-(6C) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), **Sch. 3 Pt. II**, para. 177(d) (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**
- F64** Words in s. 93(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(5)(a)** (with Sch. 12)
- F65** Words in s. 93(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(5)(b)** (with Sch. 12)
- F66** Words in s. 93(6A) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(6)** (with Sch. 12)
- F67** Words in s. 93(6B) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(7)(a)** (with Sch. 12)
- F68** Words in s. 93(6B) substituted (6.4.2010) by The Transfer of Tribunal Functions Order 2010 (S.I. 2010/22), art. 1(2)(e), **Sch. 2 para. 8(a)** (with Sch. 5)
- F69** Words in s. 93(6B) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(7)(b)** (with Sch. 12)
- F70** Words in s. 93(6C) substituted (6.4.2010) by The Transfer of Tribunal Functions Order 2010 (S.I. 2010/22), art. 1(2)(e), **Sch. 2 para. 8(b)** (with Sch. 5)
- F71** Words in s. 93(6C) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(8)(a)** (with Sch. 12)
- F72** Words in s. 93(6C) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 37(8)(b)** (with Sch. 12)
- F73** S. 93(7) repealed (1.12.2001) (with saving in S.I. 2001/2967, **arts. 1(2)**, 9(1)(c)) by S.I. 2001/2617, **arts. 2(b)**, 13(2) Sch. 4; S.I. 2001/3538, **art. 2(1)**

### Modifications etc. (not altering text)

- C4** Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)(b)(3)**



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## 94 Transfer of engagements.

- (1) A building society may, in accordance with this section and Schedule 16 to this Act, transfer its engagements to any extent to another building society which, in accordance with this section and that Schedule, undertakes to fulfil the engagements.
- (2) A building society, in order to transfer its engagements, must resolve to do so by two resolutions, of which one is passed as a [<sup>F74</sup>shareholding members' resolution] and the other as a borrowing members' resolution in accordance with the applicable provisions of Schedule 2.
- (3) A building society, in order to transfer some but not all of its engagements to its members in respect of shares held by them (with or without other engagements) must, in addition to resolving to transfer the engagements by the two resolutions required by subsection (2) above, resolve to do so by an affected shareholders' resolution.
- (4) For the purposes of this section in its application to a transfer by a society of engagements in respect of some shares in the society, an "affected shareholders' resolution" is a resolution passed by a majority of the holders of those shares who, under the rules of the society, would be entitled to vote on a [<sup>F74</sup>shareholding members' resolution], disregarding for this purpose any shares of theirs in respect of which the society's engagements are not to be transferred.
- (5) A building society, in order to undertake to fulfil the engagements of another society, must resolve to do so—
  - (a) by two resolutions, of which one is passed as a [<sup>F74</sup>shareholding members' resolution] and the other as a borrowing members' resolution in accordance with the applicable provisions of Schedule 2; or
  - (b) by a resolution of the board of directors, if the [<sup>F75</sup>appropriate authority] consents to that mode of proceeding.
- (6) The extent of the transfer, as so resolved by the society making and the society taking the transfer, shall be recorded in an instrument of transfer of engagements.
- (7) A transfer of engagements between building societies shall be of no effect unless—
  - (a) the transfer is confirmed by the [<sup>F76</sup>appropriate authority] under section 95; and
  - (b) a registration certificate is issued in respect of the transfer under subsection (8) below.
- (8) Where the [<sup>F77</sup>appropriate authority] confirms a transfer of engagements between building societies, [<sup>F78</sup>the FCA must] —
  - (a) register a copy of the instrument of transfer of engagements; and
  - (b) issue a registration certificate to the building society taking the transfer;and, on such date as is specified in the certificate, the property, rights and liabilities of the society transferring its engagements (whether or not capable of being transferred or assigned) shall, by virtue of this subsection, be transferred to and vested in the society taking the transfer to the extent provided in the instrument of transfer of engagements.
- (9) The [<sup>F79</sup>FCA] shall keep a copy of the instrument and of the registration certificate issued under subsection (8) above in the public file of the building society taking the transfer.

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- (10) Where all its engagements have been transferred, the society shall, by virtue of this subsection, be dissolved on the date specified in the registration certificate; but the transfer effected by subsection (8) above shall be deemed to have been effected immediately before the dissolution.

#### Textual Amendments

- F74** Words in s. 94(2)(4)(5) 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. 42**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxvi)**
- F75** Words in s. 94(5)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 38(2)** (with Sch. 12)
- F76** Words in s. 94(7)(a) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 38(3)** (with Sch. 12)
- F77** Words in s. 94(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 38(4)(a)** (with Sch. 12)
- F78** Words in s. 94(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 38(4)(b)** (with Sch. 12)
- F79** Word in s. 94(9) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 38(5)** (with Sch. 12)

#### Modifications etc. (not altering text)

- C5** Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)(b)(3)**

## 95 Mergers; provisions supplementing ss. 93 and 94.

- (1) Part I of Schedule 16 to this Act shall have effect for imposing on building societies proposing to amalgamate or to transfer or undertake engagements requirements to issue statements to their members relating to the proposed amalgamation or transfer.
- (2) Part II of Schedule 16 to this Act shall have effect for imposing requirements for notification by a building society, to its members and to the [F80 appropriate authority] of the receipt by the society of proposals for a transfer of engagements or an amalgamation.
- (3) Where application is made to the [F80 appropriate authority] for confirmation of an amalgamation or transfer of engagements it shall, except as provided in [F81 subsections (4) to (6)] below, confirm the amalgamation or transfer; and Part III of Schedule 16 to this Act shall have effect with respect to the procedure on an application for such confirmation.
- (4) Subject to subsection (5) below, the [F80 appropriate authority] shall not confirm an amalgamation or transfer of engagements if it considers that—
- (a) some information material to the members' decision about the amalgamation or transfer was not made available to all the members eligible to vote; or
  - (b) the vote on any resolution approving the amalgamation or transfer does not represent the views of the members eligible to vote; or
  - (c) some relevant requirement of this Act or the rules of any of the societies participating in the amalgamation or transfer was not fulfilled or not fulfilled as regards that society.

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- (5) The [F80 appropriate authority] shall not be precluded from confirming an amalgamation or transfer of engagements by virtue only of the non-fulfilment of some relevant requirement of this Act or the rules of a society if it appears to the [F80 appropriate authority] that it could not have been material to the members' decision about the amalgamation or transfer and the [F80 appropriate authority] gives a direction that the failure is to be disregarded for the purposes of this section.
- (6) Where the [F80 appropriate authority] would be precluded from confirming an amalgamation or transfer of engagements by reason of any of the defects specified in paragraphs (a), (b) and (c) of subsection (4) above, it may direct any building society concerned—
- (a) to take such steps to remedy the defect or defects, including the calling of a further meeting, as it specifies in the direction; and
  - (b) to furnish the [F80 appropriate authority] with evidence satisfying it that it has done so;

and, if the [F80 appropriate authority] is satisfied that the steps have been taken and the defect or defects has or have been substantially remedied; the [F80 appropriate authority] shall confirm the amalgamation or transfer; but, if it is not so satisfied, it shall refuse its confirmation.

[F82(6A) The PRA must consult the FCA before confirming an amalgamation or transfer, or giving a direction, under this section.

(6B) The PRA must—

- (a) notify the FCA if it confirms an amalgamation or transfer; and
- (b) send the FCA a copy of any direction it gives.]

F83(7) .....

F83(8) .....

F83(9) .....

(10) A failure to comply with a relevant requirement of this Act or any rules of a society shall not invalidate an amalgamation or transfer of engagements; but, if a society fails without reasonable excuse to comply with such a requirement the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

(11) In this section “relevant requirement”, with reference to this Act or the rules of a society, means a requirement of section 93 or 94 or this section or of Schedule 16 to this Act or of any rules prescribing the procedure to be followed by the society in approving or effecting an amalgamation or transfer of engagements.

#### Textual Amendments

**F80** Words in s. 95 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 39\(2\)](#) (with Sch. 12)

**F81** Words in s. 95(3) substituted (1.12.1997) by [1997 c. 32, s. 43, Sch. 7 para. 43\(1\)](#); [S.I. 1997/2668](#), art. 2, [Sch. Pt. I\(j\)\(i\)\(ix\)](#)

**F82** [S. 95\(6A\)\(6B\)](#) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 8 para. 39\(3\)](#) (with Sch. 12)

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**F83** S. 95(7)-(9) repealed (1.12.1997) by 1997 c. 32, ss. 43, 46(3), Sch. 7 para. 43(2), **Sch. 9**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(l)(ix)(o)(v)**

**Modifications etc. (not altering text)**

**C6** Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)(b)(3)**

**96 Mergers: compensation for loss of office and bonuses to members.**

- (1) The terms of an amalgamation of or transfer of engagements between building societies may include provision for compensation to be paid by a society to or in respect of any director or other officer of that or any other society for loss of office or diminution of emoluments attributable to the amalgamation or transfer, but the provision must be authorised as follows that is to say—
  - (a) except in so far as paragraph (b) below applies, the provision for such compensation to be paid by a society must be approved by the society by a resolution passed as a special resolution, not being [<sup>F84</sup>one of the two resolutions] required by section 93(2)(c) or 94(2) for the approval of the other terms of the amalgamation or transfer;
  - (b) if regulations are made under subsection (2) below authorising payments of such compensation within prescribed limits and the provision for such compensation includes only payments of amounts not exceeding the prescribed limits, the passing of [<sup>F85</sup>the two resolutions] approving the terms of the amalgamation or transfer is sufficient authority for their payment.
- (2) The [<sup>F86</sup>Treasury] may by regulations authorise payments by building societies of compensation to directors or other officers for loss of office or diminution of emoluments attributable to amalgamations of, or transfers of engagements between, societies subject to limits specified in or determinable under the regulations and the regulations may make different provision for different classes of person.
- (3) Nothing in subsection (1) or (2) above prevents a director or other officer from receiving payments from societies which, in the aggregate, exceed any limit applicable to him under subsection (2) above if the excess payment is included in provision approved as required by subsection (1)(a) above; but if any payment is received which has not been authorised under paragraph (a) or (b) of that subsection it shall be repaid.
- (4) The terms of an amalgamation of, or transfer of engagements between, building societies may include provision for part of the funds of one or more of the participating societies to be distributed in consideration of the amalgamation or transfer among any of the members of the participating societies, but the provision must be authorised as follows, that is to say—
  - (a) subject to paragraph (b) below, the provision for such a distribution by a society shall not exceed the limits prescribed by regulations under subsection (5) below and the distribution must be approved by [<sup>F87</sup>each of the two resolutions] giving the approval of the society to the terms of the amalgamation or transfer;
  - (b) if the provision for such a distribution by a society exceeds the prescribed limits, it must be approved by [<sup>F87</sup>each of the two resolutions] of that society and each of the other societies participating in the amalgamation or transfer by which each approved the terms of the amalgamation or transfer.
- (5) The [<sup>F86</sup>Treasury] shall by regulations authorise distributions of funds to members by building societies participating in amalgamations or transfers of engagements subject

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to limits specified in or determinable under the regulations and the regulations may make different provision for different circumstances.

- (6) Where the terms of a transfer of engagements include provision for a distribution of the funds of the society transferring or the society undertaking the engagements and the society undertaking the engagements applies to the [<sup>F88</sup>appropriate authority] for its consent to the society's approving the transfer by a resolution of the board of directors instead of [<sup>F89</sup>the two resolutions required by section 94(5)(a)], the [<sup>F88</sup>appropriate authority] shall not give its consent unless it is satisfied that the distribution proposed to be made by each society will not exceed the prescribed limits.
- (7) The power to make regulations under subsection (2) or (5) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (8) In this section—
- “compensation” includes the provision of benefits in kind;
  - “distribution of funds” with reference to bonuses paid to members, includes distribution by means of a special rate of interest available to members for a limited period;
  - “loss of office” includes, in relation to a director or other officer of a building society holding office in [<sup>F90</sup>any other body] by virtue of his position in that society, the loss of that office;
  - “prescribed” with reference to limits on compensation or on distributions of assets, means prescribed by regulations under subsection (2) or (5) above, as the case may be.

#### Textual Amendments

- F84** Words in s. 96(1)(a) substituted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 44(1)(a)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(l)(x)**
- F85** Words in s. 96(1)(b) substituted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 44(1)(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(l)(x)**
- F86** Words in s. 96(2)(5) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), **Sch. 3 Pt. II**, para. 180(a) (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**
- F87** Words in s. 96(4) substituted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 44(2)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(l)(x)**
- F88** Words in s. 96(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 40** (with Sch. 12)
- F89** Words in s. 96(6) substituted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 44(3)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(l)(x)**
- F90** Words in s. 96(8) substituted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 44(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(l)(x)**

#### Modifications etc. (not altering text)

- C7** Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)(b)(3)**
- C8** S. 96(2)(5): Functions of Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, art. 4(1), **Sch. 1 Part III** (with art. 5); S.I. 2001/3538, **art. 2(a)**

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### *Transfer of business to commercial company*

#### **97 Transfer of business to commercial company.**

- (1) A building society may, in accordance with this section and the other applicable provisions of this Act, transfer the whole of its business to a company (its “successor”).
- (2) The applicable provisions of this Act other than this section are section 98, section 99, [<sup>F91</sup>section 99A,] section 100, section 101, section 102 [<sup>F92</sup>sections 102B, 102C and 102D], paragraph 30 of Schedule 2 and Schedule 17.
- (3) The successor may be a company formed by the society wholly or partly" for the purpose of assuming and conducting the society’s business in its place or an existing company which is to assume and conduct the society’s business in its place; [<sup>F93</sup>and for the purposes of the transfer the society may, notwithstanding anything in section 18, form, or acquire and hold shares in, a company whose objects extend to the carrying on of activities which the building society has no power to carry on.]
- (4) In order to transfer its business to its successor a building society must—
  - (a) in the case of a specially formed company, secure that it is formed having articles of association with the requisite protective provisions;
  - (b) agree conditionally with its successor in a transfer agreement on the terms of the transfer which, in so far as they are regulated terms, comply with section 99, section 100 and transfer regulations;
  - (c) approve the transfer and the terms of the transfer by the requisite transfer resolutions, that is to say, resolutions passed by the members of the society in accordance with paragraph 30 of Schedule 2 to this Act; and
  - (d) obtain the confirmation of the [<sup>F94</sup>appropriate authority] of the transfer and its terms.
- (5) In so far as the transfer agreement made between the society and its successor provides for rights to be conferred on members or officers of the society, whether or not in pursuance of regulated terms, the members or officers shall, in relation to those provisions, be treated as if they had been parties to the agreement and the rights shall be enforceable accordingly.
- (6) If the [<sup>F95</sup>appropriate authority] confirms the transfer under section 98 then, on the vesting date, all the property, rights and liabilities of the society making the transfer (whether or not capable of being transferred or assigned), except any shares in its successor, shall by virtue of this subsection and in accordance with transfer regulations be transferred to and vested in the successor.
- (7) Where a building society continues to hold shares in its successor after the vesting date, the consideration (if any) for the disposal of the shares together with any other property, rights or liabilities of the society acquired or incurred after that date shall, by virtue of this subsection, be transferred to and vested in its successor on the date specified for its dissolution under subsection (10) below.
- (8) A building society which has obtained confirmation of the transfer of its business shall [<sup>F96</sup>send to each of the FCA and, if the society is a PRA-authorized person, the PRA] notice of the date which is to be the vesting date and shall do so not later than seven days before that date; and the [<sup>F97</sup>FCA must] record the date and, if a later date is notified under subsection (10) below, that date, in the public file of the society.

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- (9) Except where notice is given under subsection (10) below, a building society which, under this section, transfers its business to its successor shall, by virtue of this subsection, be dissolved on the vesting date; but the transfer effected by subsection (6) above shall be deemed to have been effected immediately before the dissolution.
- (10) A building society may, for the purpose of facilitating the disposal of shares in its successor, include in the notice of the vesting date under subsection (8) above notice of a later date for the dissolution of the society; and if it does so, the society shall by virtue of this subsection be dissolved on that date instead of the vesting date, but the transfer effected by subsection (7) above shall be deemed to have been effected immediately before the dissolution.
- (11) As from the vesting date, a society which has given notice under subsection (10) above shall cease to transact any business except such as is necessary for the purpose of securing the disposal of the society's holding of shares in its successor.
- (12) In this section, and the other applicable provisions of this Act—
- “company” means a company [<sup>F98</sup>as defined in section 1(1) of the Companies Act 2006] which is a public company limited by shares; and a company is a “specially formed” company if it is formed by a building society (and by no others than its nominees) for the purpose of assuming and conducting its business in its place and is an “existing” company if it is a company carrying on business as a going concern on the date of the transfer agreement;
- “confirmation”, in relation to a transfer, means the confirmation of the [<sup>F99</sup>appropriate authority] required by subsection (4)(d) above;
- “regulated terms” means any terms of a transfer agreement which are regulated terms under section 99, section 100 or section 102;
- “the requisite protective provisions” means the provisions required to be made by section 101(2);
- [<sup>F100</sup>“the requisite shareholders’ resolution” has the meaning given by paragraph 30(1) of Schedule 2;]
- “the requisite transfer resolutions” has the meaning given by subsection (4) (c) above;
- “successor”, in relation to a building society, has the meaning given by subsection (1) above;
- “transfer agreement” means the agreement required by subsection (4)(b) above and, in relation to it, “conditionally” means conditional on the approval of the transfer by the requisite transfer resolutions and on confirmation of the transfer;
- “transfer of business” means the transfer of the business of a building society to its successor under this section and “transfer” has a corresponding meaning;
- “transfer regulations” means regulations under section 102; and
- “the vesting date” means the date specified in or determined under the transfer agreement as the vesting date for the purposes of subsection (6) above.

[<sup>F101</sup>(13) References in this section, and the other applicable provisions of this Act, to a company include references to a body corporate which—

- (a) is incorporated in an EEA State other than the United Kingdom; and
- (b) has power under its constitution to offer its shares or debentures to the public;

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and in this subsection “EEA State” <sup>[F102]</sup> has the meaning given by Schedule 1 to the Interpretation Act 1978 (c. 30).]

#### Textual Amendments

- F91** Words in s. 97(2) inserted (9.6.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 45(1)**; S.I. 1997/1427, **art. 2(f)**
- F92** Words in s. 97(2) inserted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by 1997 c. 41, **s. 1(2)**
- F93** Words in s. 97(3) 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. 45(2)**, **Sch. 9**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(y)(z)(xxvii)(cc)(xiii)**
- F94** Words in s. 97(4)(d) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 41(2)** (with Sch. 12)
- F95** Words in s. 97(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 41(3)** (with Sch. 12)
- F96** Words in s. 97(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 41(4)(a)** (with Sch. 12)
- F97** Words in s. 97(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 41(4)(b)** (with Sch. 12)
- F98** Words in s. 97(12) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 87(5)** (with art. 10)
- F99** Words in s. 97(12) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 41(5)** (with Sch. 12)
- F100** Definition in s. 97(12) 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. 43, 47(3), **Sch. 7 para. 45(3)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxvii)**
- F101** S. 97(13) inserted (9.6.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 45(4)**; S.I. 1997/1427, **art. 2(k)(n)(xi)**
- F102** Words in s. 97(13) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), arts. 1(2), **8**

#### Modifications etc. (not altering text)

- C9** Ss. 97-102D: power to modify conferred (16.1.2009) by Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (c. 26), **ss. 3, 6(2)**; S.I. 2009/36, art. 2
- C10** Ss. 97-102D applied (with modifications) (5.3.2009) by The Mutual Societies (Transfers) Order 2009 (S.I. 2009/509), arts. 1(2), **3-18**
- C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by The Building Societies (Bail-in) Order 2014 (S.I. 2014/3344), arts. 1, **2(3)**)

## 98 Transfers of business: supplementary provisions.

- (1) Part I of Schedule 17 to this Act shall have effect for imposing on a building society proposing to transfer its business to a company an obligation to issue statements <sup>[F103]</sup> or summaries] to its members relating to the proposed transfer.
- <sup>[F104]</sup>(1A) Part IA of that Schedule shall have effect for imposing requirements for notification by a building society, to its members and to the <sup>[F105]</sup>FCA and, if the society is a PRA-authorised person, the PRA], of the receipt by the society of a proposal for the transfer of the whole of its business to a company.]
- (2) Where application is made to the <sup>[F106]</sup>appropriate authority] for confirmation of a transfer of business to a company it shall, except as provided in subsections (3) to (5)



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below, confirm the transfer; and Part II of that Schedule shall have effect with respect to the procedure on an application for such confirmation.

- (3) Subject to subsection (4) below, the [F107 appropriate authority] shall not confirm a transfer of business if it considers that—
- (a) some information material to the members' decision about the transfer was not made available to all the members eligible to vote; or
  - (b) the vote on any resolution approving the transfer does not represent the views of the members eligible to vote; or
  - (c) there is a substantial risk that the successor will not [F108 have—
    - (i) such permission under [F109 Part 4A] of the Financial Services and Markets Act 2000, or
    - (ii) such permission under paragraph 15 of Schedule 3 to that Act (as a result of qualifying for authorisation under paragraph 12 of that Schedule),as will enable it to carry on the business which it will have as a result of the transfer without being taken (by virtue of section 20 of that Act) to have contravened a requirement imposed on it by the [F107 appropriate authority] under that Act; or]
  - (d) some relevant requirement of this Act or the rules of the society was not fulfilled.
- (4) The [F110 appropriate authority] shall not be precluded from confirming a transfer of business by virtue only of the non-fulfilment of some relevant requirement of this Act or the rules of the society if it appears to the [F110 appropriate authority] that it could not have been material to the members' decision about the transfer and the [F110 appropriate authority] gives a direction that the failure is to be disregarded for the purposes of this section.
- (5) Where the [F110 appropriate authority] would be precluded from confirming a transfer of business by reason of any of the defects specified in paragraphs (a), (b), (c) and (d) of subsection (3) above, it may direct the society making the transfer—
- (a) to take such steps to remedy the defect or defects as it specifies in the direction; and
  - (b) to furnish the [F110 appropriate authority] with evidence satisfying it that it has been done so;
- and, if the [F110 appropriate authority] is satisfied that the steps have been taken and the defect or defects has or have been substantially remedied, the [F110 appropriate authority] shall confirm the transfer; but, if it is not so satisfied, it shall refuse its confirmation.
- (6) The steps that a society may be required under subsection (5)(a) above to include the calling of a further meeting, securing the variation of the transfer agreement or securing the alteration of the approved protective provisions of the articles of association of its successor.
- (7) A failure to comply with a relevant requirement of this Act or the rules of a building society shall not invalidate a transfer of the business of the society; but, if a society fails without reasonable excuse to comply with such a requirement, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

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- (8) In this section “relevant requirement”, with reference to this Act or the rules of a society, means a requirement of the applicable provisions of this Act or of any rules prescribing the procedure to be followed by the society in approving the transfer and its terms.
- [<sup>F111</sup>(9) The PRA must consult the FCA before confirming a transfer or giving a direction under this section.
- (10) The PRA must—
- (a) notify the FCA if it confirms a transfer; and
  - (b) send the FCA a copy of any direction it gives.]

#### Textual Amendments

- F103** Words in s. 98(1) inserted (1.12.1997) by 1997 c. 32, s. 30(1); S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**
- F104** S. 98(1A) inserted (1.12.1997) by 1997 c. 32, s. 30(2); S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**
- F105** Words in s. 98(1A) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 42(2)** (with Sch. 12)
- F106** Words in s. 98(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 42(3)** (with Sch. 12)
- F107** Words in s. 98(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 42(4)(a)** (with Sch. 12)
- F108** Words in s. 98(3)(c) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 196(2)**
- F109** Words in s. 98(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 42(4)(b)** (with Sch. 12)
- F110** Words in s. 98(4)(5) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 42(5)** (with Sch. 12)
- F111** S. 98(9)(10) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 42(6)** (with Sch. 12)

#### Modifications etc. (not altering text)

- C9** Ss. 97-102D: power to modify conferred (16.1.2009) by Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (c. 26), **ss. 3, 6(2)**; S.I. 2009/36, art. 2
- C10** Ss. 97-102D applied (with modifications) (5.3.2009) by The Mutual Societies (Transfers) Order 2009 (S.I. 2009/509), **arts. 1(2), 3-18**
- C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by The Building Societies (Bail-in) Order 2014 (S.I. 2014/3344), **arts. 1, 2(3)**)
- C12** S. 98(3) extended (1. 1. 1993) by S.I. 1992/3218, **reg. 82(1), Sch. 10 para.22(c)**

## 99 Regulated terms: compensation for loss of office, etc.

- (1) Subject to subsections (2) and (3) below, the terms of a transfer of business by a building society to the company which is to be its successor may include provision for compensation to be paid by the society or the company to or in respect of any director or other officer of the society for loss of office or diminution of emoluments attributable to the transfer.
- (2) Any such provision must be authorised so far as the society is concerned as follows, that is to say—
  - (a) except in so far as paragraph (b) below applies, the provision must be approved by a resolution passed as a special resolution, not being one of the requisite transfer resolutions;

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- (b) if regulations are made under subsection (3) below authorising payments of such compensation within prescribed limits and the provision for such compensation includes only payments of amounts not exceeding the prescribed limits, the passing of the requisite transfer resolutions is sufficient authority for their payment.
- (3) The [<sup>F112</sup>Treasury] may by regulations authorise payments of compensation to directors or other officers attributable to transfers of business under section 97 subject to limits specified in or determinable under the regulations and the regulations may make different provision for different classes of person.
- (4) Nothing in subsection (2) or (3) above prevents a director or other officer from receiving payments which, in the aggregate, exceed any limit applicable to him under either of those subsections if the excess payment is included in provision approved as required by subsection (2)(a) above; but if any payment is received which has not been authorised under paragraph (a) or (b) of that subsection it shall be repaid.
- (5) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (6) In this section—
- “compensation” includes the provision of benefits in kind;
  - “loss of office” includes, in relation to a director or other officer of a building society holding office in [<sup>F113</sup>any other body] by virtue of his position in that society, the loss of that office; and
  - “prescribed”, with reference to limits on compensation, means prescribed by regulations under subsection (3) above;
- and any terms of a transfer of business to which subsection (2) or regulations under subsection (3) above apply are regulated terms for the purposes of section 97.

#### Textual Amendments

**F112** Words in s. 99(3) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), **Sch. 3 Pt. II**, para. 182 (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**

**F113** Words in s. 99(6) substituted (1.12.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 46**; S.I. 1997/2668, art. 2, **Sch. Pt. I(j)(i)(xi)**

#### Modifications etc. (not altering text)

**C9** Ss. 97-102D: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\)](#), **ss. 3**, 6(2); S.I. 2009/36, art. 2

**C10** Ss. 97-102D applied (with modifications) (5.3.2009) by [The Mutual Societies \(Transfers\) Order 2009 \(S.I. 2009/509\)](#), arts. 1(2), **3-18**

**C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(3)**)

**C13** S. 99(3): Functions of Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, art. 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(a)**

#### [<sup>F114</sup>99A Transfers of business: increased remuneration etc.

- (1) Subject to subsection (2) below, the terms of a transfer of business by a building society to the company which is to be its successor may include provision for any director

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or other officer of the society to receive increased emoluments in consequence of the transfer, whether by way of increased remuneration or the grant of share options or otherwise.

- (2) An ordinary resolution approving any such provision must be put before a meeting of the society.]

**Textual Amendments**  
**F114** S. 99A inserted (9.6.1997) by 1997 c. 32, s. 31; S.I. 1997/1427, art. 2(f)

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**Modifications etc. (not altering text)**

- C9** Ss. 97-102D: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\), ss. 3, 6\(2\)](#); S.I. 2009/36, art. 2
- C10** Ss. 97-102D applied (with modifications) (5.3.2009) by [The Mutual Societies \(Transfers\) Order 2009 \(S.I. 2009/509\), arts. 1\(2\), 3-18](#)
- C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\), arts. 1, 2\(3\)](#))

**100 Regulated terms etc: distributions and share rights.**

- (1) Subject to subsections (2) to (10) below, the terms of a transfer of business by a building society to the company which is to be its successor may include provision for part of the funds of the society or its successor to be distributed among, or other rights in relation to shares in the successor conferred on, members of the society in consideration of the transfer.

- (2) The terms of a transfer of a society’s business must—
  - (a) require its successor to assume as from the vesting date a liability to every qualifying member of the society as in respect of a deposit made with the successor corresponding in amount to the value of the qualifying shares held by him in the society; and
  - (b) confer a right, subject to subsection (7) below, to a distribution of funds, whether of the society or its successor, by way of bonus on every qualifying member of the society equal to the relevant proportion of the value of the qualifying shares held by him in the society; <sup>F115</sup> . . .

<sup>F115</sup>(c) . . . . .

- (3) For the purposes of the liabilities assumed under subsection (2)(a) above by the society’s successor, a member is a qualifying member if he held shares in the society on the day immediately preceding the vesting date and his qualifying shares are those held by him on that day.

- (4) For the purposes of the rights conferred under subsection (2)(b) above on members of the society, a member is a qualifying member is he held shares in the society on the qualifying day and was not eligible to vote on the [<sup>F116</sup>requisite shareholders’ resolution], his qualifying shares are those held by him on that day and the relevant proportion is the portion which (as shown in the latest balance sheet of the society) the society’s reserves bear to its total liability to its members in respect of shares.

<sup>F117</sup>(5) . . . . .

<sup>F117</sup>(6) . . . . .

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(7) The [<sup>F118</sup>appropriate authority] may, where it confirms a transfer of a society's business to an existing company, as it thinks fit having regard to what is equitable between the members of the society, direct that no bonus distribution of funds in pursuance of subsection (2)(b) above shall be made or that the amount distributed shall be such lesser amount as it provides for in the direction; and where the [<sup>F118</sup>appropriate authority] gives a direction under this subsection no liability to make such a distribution shall arise or, as the case may be, that liability shall be discharged by payment of the lesser amount.

[<sup>F119</sup>(8) The terms of a transfer of a society's business may confer a right to acquire shares in the successor on a member of the society only if the member—

- (a) held shares in the society throughout the period of two years ending with the qualifying day, or
- (b) on that day, holds deferred shares in the society that are of a class described in the transfer agreement;

and it is unlawful for any right in relation to shares to be conferred in contravention of this subsection.]

(9) Where the successor is an existing company, any distribution of funds to members of the society, except for the distribution required by subsection (2)(b) above, shall only be made to those members who held shares in the society throughout the period of two years which expired with the qualifying day; and it is unlawful for any distribution to be made in contravention of the provisions of this subsection.

(10) The following restrictions apply to any distribution of funds, or any conferring of rights in relation to shares, in connection with the transfer of its business from the society to its successor where the successor is a company specially formed by the society, that is to say—

- (a) no distribution shall be made except that required by subsection (2)(b) above; and
- (b) where negotiable instruments acknowledging rights to shares are issued by the successor within the period of two years beginning with the vesting date, no such instruments shall be issued to former members of the society unless they are also issued, and on the same terms, to all other members of the company;

and it is unlawful for any distribution of funds to be made in contravention of the provisions of this subsection.

(11) Where the successor is a specially formed company, the terms of the transfer must include provision to secure that the society ceases to hold any shares in the successor by the date on which the society is to dissolve.

(12) Any terms of a transfer of business to which subsection (2), (8), (9), (10) or (11) above apply are regulated terms for the purposes of section 97.

(13) In subsections (4), (5), (8) and (9) above, “qualifying day” means the day specified in the transfer agreement as the qualifying day for the purposes of this subsection.

#### Textual Amendments

**F115** S. 100(2)(c) and word preceding it repealed (21.3.1997) by 1997 c. 32, ss. 40(a), 46(2), Sch. 9

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- F116** Words in s. 100(4) 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. 47**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxviii)**
- F117** S. 100(5)(6) repealed (21.3.1997) by 1997 c. 32, ss. 40(b), 46(2), **Sch. 9**
- F118** Words in s. 100(7) substituted (1.4.2013) by **The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496)**, art. 1(1), **Sch. 8 para. 43** (with Sch. 12)
- F119** S. 100(8) substituted (18.2.2014) by **Financial Services (Banking Reform) Act 2013 (c. 33)**, s. 148(2), **Sch. 9 para. 8(2)**

**Modifications etc. (not altering text)**

- C9** Ss. 97-102D: power to modify conferred (16.1.2009) by **Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (c. 26)**, ss. 3, 6(2); S.I. 2009/36, art. 2
- C10** Ss. 97-102D applied (with modifications) (5.3.2009) by **The Mutual Societies (Transfers) Order 2009 (S.I. 2009/509)**, arts. 1(2), **3-18**
- C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by **The Building Societies (Bail-in) Order 2014 (S.I. 2014/3344)**, arts. 1, **2(3)**)
- C14** S. 100 modified (21.3.1997) by 1997 c. 32, s. 46(1), **Sch. 8 para. 9(1)**

**[<sup>F120</sup>101 Protective provisions for specially formed successors.**

- (1) No company specially formed by a building society to be its successor shall, at any time during the protective period—
  - (a) offer for sale or invite subscription for any shares in the company or allot or agree to allot any such shares with a view to their being offered for sale, or
  - (b) allot or agree to allot any share in the company, or
  - (c) register a transfer of shares in the company,
 if the effect of the offer, the invitation, the allotment or the registration of the transfer would be that more shares than the permitted proportion would be held by any one person (other than the society), or by any two or more persons who are parties to a concert party agreement which relates to shares in the company.
- (2) The articles of association of the company shall include provision such as will secure that the company does not offer, invite subscription for, allot or register transfers of, shares in contravention of subsection (1) above and no alteration in those provisions may be made by the company during the protective period.
- (3) Any provision (including any altered provision) of the company's articles of association which is to any extent inconsistent with subsection (1) above shall, to that extent, be void; and any allotment or registration of a transfer of shares in contravention of that subsection shall be void.
- (4) This section shall cease to apply to a company if—
  - (a) a [<sup>F121</sup>person who is an authorised person within the meaning of section 31 of the Financial Services and Markets Act 2000] becomes a subsidiary undertaking of the company, or the company or such an undertaking acquires the whole, or substantially the whole, of the business of such [<sup>F122</sup>a person];
  - (b) a special resolution to that effect is passed by the requisite majority of the members of the company; or
  - (c) the [<sup>F123</sup>appropriate authority] by notice to the company gives a direction to that effect;

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and the <sup>F123</sup>appropriate authority] shall not give such a direction unless it considers it desirable to do so in the interests of the depositors and potential depositors of the company.

<sup>F124</sup>(4A) [ The PRA must consult the FCA before giving a direction under this section.]

(5) If this section ceases to apply to a company, any provision included by virtue of subsection (2) above in its articles of association shall cease to have effect.

(6) In this section—

<sup>F125</sup> .....

“concert party agreement” means an agreement to which <sup>F126</sup>section 824 of the Companies Act 2006] applies;

“EEA country or territory” has the same meaning as in sections 6A and 6B;

<sup>F127</sup> .....

“the permitted proportion”, in relation to shares in the company, is 15 per cent. of the company’s issued share capital;

“the protective period” is the period beginning with the date of the company’s incorporation and ending five years after the vesting date or, if this section ceases to apply to the company, ending on the date on which it so ceases;

“the requisite majority” means a majority of the members having the right to attend and vote at a general meeting of the company, being a majority together holding not less than 75 per cent in nominal value of the shares giving that right;

“transfer”, in relation to shares, does not include a transfer to a person to whom the right to any shares has been transmitted by operation of law;

and any expression used in this section and in <sup>F128</sup>the Companies Acts (as defined in section 2 of the Companies Act 2006)] has the same meaning in this section as in <sup>F129</sup>those Acts].

(7) For the purposes of this section—

(a) shares held by a person in a fiduciary capacity shall be treated as not held by him;

(b) shares held by a person as nominee for another shall be treated as held by the other; and

(c) shares shall be regarded as held as nominee for another if any voting rights attaching to them are exercisable only on his instructions or with his consent or concurrence.

(8) Any reference in this section to shares includes a reference—

(a) to any warrant or other instrument entitling the holder to subscribe for shares; and

(b) to any certificate or other instrument issued by or on behalf of the company and conferring a right to acquire shares otherwise than by subscription;

and for the purposes of subsection (1) above any shares to which any such instrument relates shall be deemed to be held by the holder of the instrument.]

#### Textual Amendments

**F120** S. 101 substituted (21.3.1997) by 1997 c. 32, s. 41 (with s. 46(1), Sch. 8 para. 10)

**F121** Words in s. 101(4)(a) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, 197(2)(a)

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- F122** Words in s. 101(4)(a) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 197(2)(b)**
- F123** Words in s. 101(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 44(2)** (with Sch. 12)
- F124** S. 101(4A) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 44(3)** (with Sch. 12)
- F125** Definition of “the Authority” in s. 101(6) repealed (1.12.2001) by S.I. 2001/2617, art. 13(2), **Sch. 4; S.I. 2001/3538, art. 2(a)**
- F126** Words in s. 101(6) substituted (1.10.2007) by The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 48(2)** (with art. 12)
- F127** Definition of “financial institution” in s. 101(6) repealed (1.12.2001) by S.I. 2001/3649, **arts. 1, 197(3)**
- F128** Words in s. 101(6) substituted (1.10.2007) by The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 48(3)(a)** (with art. 12)
- F129** Words in s. 101(6) substituted (1.10.2007) by The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 48(3)(b)** (with art. 12)

#### **Modifications etc. (not altering text)**

- C9** Ss. 97-102D: power to modify conferred (16.1.2009) by Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (c. 26), **ss. 3, 6(2)**; S.I. 2009/36, art. 2
- C10** Ss. 97-102D applied (with modifications) (5.3.2009) by The Mutual Societies (Transfers) Order 2009 (S.I. 2009/509), arts. 1(2), **3-18**
- C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by The Building Societies (Bail-in) Order 2014 (S.I. 2014/3344), arts. 1, **2(3)**)
- C15** S. 101(4) modified (22.3.2001) by 2001 c. i, **s. 14** (with s. 13)
- C16** S. 101(4): functions transferred (1.6.1998) by 1998 c. 11, **s. 21(a)(iii)**; S.I. 1998/1120, **art. 2**

## **102 Transfer regulations.**

- (1) The [<sup>F130</sup>Treasury] may, by transfer regulations under this section, make provision regulating transfers of business under section 97.
- (2) Transfer regulations may, in particular—
  - (a) make provision for and in connection with the transition from regulation by and under this Act to regulation by and under [<sup>F131</sup>the Companies Acts]<sup>F132</sup> . . .
  - (b) make provision for the treatment, in the hands of companies taking such transfers, of the property, rights and liabilities transferred and for the modification of any enactment in its application to property, rights and liabilities so transferred;
  - (c) make provision for the purposes of and incidental to section 100 [<sup>F133</sup>and sections 101, 102B, 102C and 102D].
- (3) The power to make transfer regulations is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (4) Any terms of a transfer of business to which transfer regulations apply are regulated terms for the purposes of section 97.



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#### Textual Amendments

- F130** Words in s. 102(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), **Sch. 3 Pt. II, para. 185(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(a)**
- F131** Words in s. 102(2)(a) substituted (1.10.2009) by **The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009** (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 87(6)** (with art. 10)
- F132** Words in s. 102(2)(a) repealed (1.12.2001) by S.I. 2001/2617, art. 13(2), **Sch. 4**; S.I. 2001/3538, **art. 2(a)**
- F133** Words in s. 102(2)(c) substituted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by 1997 c. 41, s. 1(3)

#### Modifications etc. (not altering text)

- C9** Ss. 97-102D: power to modify conferred (16.1.2009) by **Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (c. 26), ss. 3, 6(2)**; S.I. 2009/36, art. 2
- C10** Ss. 97-102D applied (with modifications) (5.3.2009) by **The Mutual Societies (Transfers) Order 2009** (S.I. 2009/509), arts. 1(2), **3-18**
- C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by **The Building Societies (Bail-in) Order 2014** (S.I. 2014/3344), arts. 1, **2(3)**)
- C17** S. 102(1)(2): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, art. 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(a)**

#### [<sup>F134</sup>102A] **Rights of second-named joint shareholders.**

- (1) This section applies where the terms of a transfer of business by a building society to the company which is to be its successor include such provision as is mentioned in section 100(1).
- (2) If—
- a person (“A”) held shares in the society throughout the requisite period;
  - any shares in the society held by A were jointly held for any period (“the joint ownership period”) constituting the whole or part of the requisite period;
  - A was the second-named holder of the jointly held shares for the whole or part of the joint ownership period; and
  - no person who has priority over A for the purposes of this section held shares in the society throughout the requisite period,
- the jointly held shares shall be treated for the purposes of subsections (8) and (9) of section 100 as having been held by A alone.
- (3) The following persons shall have priority over A for the purposes of this section, namely—
- where A was not the first-named holder of the jointly held shares for any part of the joint ownership period—
    - any person who was the first-named holder of those shares for the whole or part of that period; and
    - where A was the second-named holder of those shares for part only of that period, any person who was the second-named holder of those shares for a later part of that period; and

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- (b) where A was the first-named holder of the jointly held shares for part of the joint ownership period, any person who was the first-named holder of those shares for a later part of that period.
- (4) If a person dies during the requisite period at a time when he is named in the records of the society as a joint holder of any shares jointly held, this section shall have effect in relation to any later time as if he had never been so named.
- (5) In this section—
- “the first-named holder”, in relation to any shares jointly held, means that one of the joint holders who is named first in the records of the society, that is to say, the person by whom alone, apart from this section, those shares would, by virtue of paragraph 7(5) of Schedule 2, be treated as held for the purposes of section 100;
- “qualifying day” has the same meaning as in subsections (8) and (9) of section 100;
- “the requisite period” means the period beginning two years before the end of the qualifying day and ending immediately before the vesting date;
- “the second-named holder”, in relation to any shares jointly held, means that one of the joint holders who is named second in the records of the society;
- “the vesting date” has the same meaning as in section 100.]

#### Textual Amendments

**F134** S. 102A inserted (1.5.1995 with application as mentioned in s. 2(2) of the amending Act) by 1995 c. 5, s. 1(1)

#### Modifications etc. (not altering text)

**C9** Ss. 97-102D: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\)](#), ss. 3, 6(2); S.I. 2009/36, art. 2

**C10** Ss. 97-102D applied (with modifications) (5.3.2009) by [The Mutual Societies \(Transfers\) Order 2009 \(S.I. 2009/509\)](#), arts. 1(2), 3-18

**C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, 2(3))

#### [<sup>F135</sup>102B] **Protection of interests of beneficiaries in the case of trustee account holders.**

- (1) This section shall have effect (notwithstanding anything to the contrary in the rules of the society) where the terms of the transfer of the business of a building society to its successor include provision for a distribution to be made to its members, and where more than one distribution is provided for, shall have effect in relation to each of them.
- (2) In this section “distribution” in relation to a society means—
- (a) a distribution among members of the society of part of the funds of the society or its successor, other than a distribution within section 100(2)(b), or
- (b) the conferring of rights in relation to shares in the successor on members of the society,
- in consideration of the transfer.

*Status: Point in time view as at 10/01/2015.*

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- (3) Subject to the following provisions of this section and section 102C, a trustee account holder shall be treated by the society and its successor as not being disentitled from sharing in the distribution—
- (a) as such trustee account holder, and
  - (b) also in relation to another account which he may hold as a trustee account holder or in relation to another account which he may hold otherwise than as a trustee account holder,
- by reason only of his holding more than one account; and the terms of the transfer of business in question shall comply with this subsection.
- (4) A trustee account holder shall not be entitled to share in a distribution as such trustee account holder by virtue of any provision of this section if—
- (a) the society has notified that account holder that he must make, in relation to any account as respects which he is a trustee account holder, a statutory declaration under the <sup>M1</sup>Statutory Declarations Act 1835 complying with subsection (5); but
  - (b) the trustee account holder does not give the society that declaration before such date as may be specified in the society's notice to him.
- (5) A statutory declaration complies with this subsection if the person making it declares in it—
- (a) that he is a trustee account holder in respect of an account identified in the declaration,
  - (b) the name and address of each beneficiary for whom he holds the account,
  - (c) the reason why it is not reasonably practicable for any beneficiary to act in relation to that account himself, and
  - (d) in a case where section 102D(8) applies, the names and addresses of all the trustee account holders of the account during the period referred to in that subsection.
- (6) In any case, where in response to a notice under subsection (4) (and within the time specified in that notice), a person gives a society a statutory declaration complying or purporting to comply with subsection (5) that he is a trustee account holder as respects any account he holds with that society then, subject to section 102C, the society and its successor—
- (a) shall treat him as such an account holder in respect of that account, and
  - (b) shall not be liable to any other person in respect of any distribution to him (whether or not the society makes any enquiry into his eligibility before making the distribution).]

#### Textual Amendments

**F135** Ss. 102B-102D inserted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by 1997 c. 41, s. 1(1)

#### Modifications etc. (not altering text)

**C9** Ss. 97-102D: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\)](#), ss. 3, 6(2); S.I. 2009/36, art. 2

**C10** Ss. 97-102D applied (with modifications) (5.3.2009) by [The Mutual Societies \(Transfers\) Order 2009 \(S.I. 2009/509\)](#), arts. 1(2), 3-18

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**C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(3)**)

**Marginal Citations**

**M1** 1835 c. 62.

**[<sup>F136</sup>102C Consequences of false declaration.**

- (1) Where it is shown, in relation to a person who has made a statutory declaration to a society purporting to comply with section 102B(5), that, at the time the declaration is made, he is not a trustee account holder in relation to the account in question, then—
  - (a) a distribution shall not be made to him in pursuance of section 102B if it is so shown before the distribution is made;
  - (b) if a distribution is made to him, he shall be liable—
    - (i) to repay to the society’s successor any funds, and to surrender to it any shares or rights to any shares, which he may have received as the holder of that account,
    - (ii) if any shares or rights to any shares are not surrendered, to pay the successor an amount equal to the relevant value of those shares or rights.
- (2) Where subsection (1)(b) applies in relation to a person, he shall also be liable to pay to the successor interest (at the rate applicable to judgment debts or, as respects Scotland, to decrees of the Court of Session)—
  - (a) on any funds which he is liable to repay to the successor under sub-paragraph (i) of subsection (1)(b),
  - (b) on the relevant value of any shares or rights which are surrendered under that sub-paragraph, and
  - (c) on any amount payable under subsection (1)(b)(ii),
 as from the day on which he received the funds, shares or rights until subsection (1)(b) is complied with in relation thereto.
- (3) In subsections (1) and (2) “relevant value”, in relation to any shares or rights to any shares, means the market value of those shares on the first day on which they are quoted on the Stock Exchange Daily Official List, and section 272 of the <sup>M2</sup>Taxation of Chargeable Gains Act 1992 shall apply for the purposes of this subsection.
- (4) Where the successor receives any payment in circumstances where subsection (1)(b) applies, the amount of the payment shall be treated as settlement of a debt due to the successor and accordingly not as an amount due to members of the society.

<sup>F137F138</sup>(5) . . . . .

<sup>F137</sup>(6) . . . . .]

**Textual Amendments**

**F136** Ss. 102B-102D inserted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by [1997 c. 41, s. 1\(1\)](#)

**F137** S. 102C(5)(6) repealed (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 2** (with art. 10)

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**F138** S. 102C(5) repealed (1.10.2009) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), [Sch. 16](#); S.I. 2008/2860, art. 4, [Sch. 1 Pt. 1](#) (with arts. 78Sch. 2) (which transitional provisions in Sch. 2 are amended (1.10.2009) by S.I. 2009/2476, arts. 1(3), 2(3)(4) and by S.I. 2009/1802, arts. 1, 18, Sch.)

**Modifications etc. (not altering text)**

**C9** Ss. 97-102D: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\)](#), ss. 3, 6(2); S.I. 2009/36, art. 2

**C10** Ss. 97-102D applied (with modifications) (5.3.2009) by [The Mutual Societies \(Transfers\) Order 2009 \(S.I. 2009/509\)](#), arts. 1(2), [3-18](#)

**C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, [2\(3\)](#))

**Marginal Citations**

**M2** 1992 c. 12.

[<sup>F139</sup>**102D**Provisions supplementary to sections 102B and 102C.

- (1) This section has effect for the purposes of sections 102B and 102C.
- (2) “Trustee account holder”, in relation to any society, is a person who is the holder of an account as respects which all the conditions in subsection (4) are satisfied and which he holds in trust for another person, but subject to subsection (5).
- (3) Any reference in this section or in sections 102B and 102C to the holder of an account (however expressed) includes a reference to a person to whom the society has advanced a loan secured on land.
- (4) The conditions referred to in subsection (2) are—
  - (a) that he is a member of the society by virtue of holding that account;
  - (b) that the account holder—
    - (i) is the sole account holder or the representative joint holder (within the meaning of paragraph 7 of Schedule 2 to this Act), or
    - (ii) in the case of a borrowing member, is not a joint borrower or is the representative joint borrower (within the meaning of paragraph 8 of that Schedule);
  - (c) that it is not reasonably practicable for any one or more of the persons for whom he holds the account, by reason of ill-health or old age or any physical or mental incapacity or disability, to act in relation to the account himself.
- (5) Where a person holds more than one account in trust for any other person or persons and the beneficiary or any of the beneficiaries in respect of two or more of those accounts (“the duplicate accounts”) are the same, then—
  - (a) the account holder shall not be a trustee account holder in respect of any of those duplicate accounts except the one which was first opened, and
  - (b) accordingly, section 102B(3) and (4) shall apply only in relation to that first opened duplicate account.
- (6) “Beneficiary”, in relation to any account or any trustee account holder, is the person or any of the persons for whose benefit the account is held or for whose benefit the trustee account holder holds the account (as the case may be).
- (7) Any beneficiary of any account who is a child shall be disregarded for the purposes of subsection (4) above unless he suffers ill-health or any physical or mental incapacity or

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disability which if suffered by an adult would prevent it being reasonably practicable for such an adult to act in relation to the account himself.

- (8) In any case where—
- (a) the identity of the trustee account holder changes during any period which is relevant to the distribution in question, and
  - (b) the account is not closed but continues to be held for the benefit of the same beneficiaries (disregarding any who have died),
- the trustee account holders during that period shall be treated for the purpose of section 102B and the distribution as one person.
- (9) Any reference to a person holding an account in trust for any other person includes a reference—
- (a) to any person holding an account for another person in pursuance of any order, direction or authority made or given under <sup>F140</sup>the Mental Capacity Act 2005] or under Part VIII of the <sup>M3</sup>Mental Health (Northern Ireland) Order 1986;
  - <sup>F141</sup>(b) to an attorney holding an account for another person under—
    - (i) an enduring power of attorney or lasting power of attorney registered under the Mental Capacity Act 2005, or
    - (ii) an enduring power registered under the Enduring Powers of Attorney (Northern Ireland) Order 1987;]
  - (c) in relation to Scotland—
    - (i) to a curator bonis and a judicial factor holding an account for another person; and
    - (ii) to a person holding an account for another person under a faculty and commission or power of attorney which continues to have effect by virtue of section 71 of the <sup>M4</sup>Law Reform (Miscellaneous Provisions) (Scotland) Act 1990;
- and references to a beneficiary shall be construed accordingly.
- (10) Where rights to acquire shares are to be conferred on one or more members of the society by reference to more than one account, in accordance with the provisions of section 102B, those rights shall not, without more, be taken, for the purposes of section 100(8), to confer rights to acquire the shares in priority to other subscribers.
- (11) The <sup>F142</sup>Treasury may] make regulations prescribing—
- (a) the time within which the notice required by section 102B(4)(a) must be given, and
  - (b) the minimum time which may be specified in the notice for the purposes of section 102B(4)(b),
- but, if such regulations are not made, any such notice must be given in such time, and must specify such time, as will give the trustee account holder a reasonable opportunity to make the declaration and give it to the society in compliance with the notice.
- (12) Regulations under subsection (11) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.]

#### Textual Amendments

**F139** Ss. 102B-102D inserted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by 1997 c. 41, s. 1(1)

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- F140** Words in s. 102D(9)(a) substituted (1.10.2007) by [Mental Capacity Act 2005 \(c. 9\), s. 68\(1\), Sch. 6 para. 32\(a\)](#) (with ss. 27-29, 62); S.I. 2007/1897, art. 2(1)(d)
- F141** S. 102D(9)(b) substituted (1.10.2007) by [Mental Capacity Act 2005 \(c. 9\), s. 68\(1\), Sch. 6 para. 32\(b\)](#) (with ss. 27-29, 62); S.I. 2007/1897, art. 2(1)(d)
- F142** Words in s. 102D(11) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 13(1), [Sch. 3 Pt. II, para. 186](#) (with art. 13(3), Sch. 5); S.I. 2001/3538, [art. 2\(a\)](#)

#### **Modifications etc. (not altering text)**

- C9** Ss. 97-102D: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\), ss. 3, 6\(2\)](#); S.I. 2009/36, art. 2
- C10** Ss. 97-102D applied (with modifications) (5.3.2009) by [The Mutual Societies \(Transfers\) Order 2009 \(S.I. 2009/509\), arts. 1\(2\), 3-18](#)
- C11** Ss. 97-102D excluded by 2009 c. 1, s. 84D(6) (as inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\), arts. 1, 2\(3\)](#))
- C18** S. 102D(11): Functions of Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, art. 4(1), [Sch. 1 Pt. III](#) (with art. 5); S.I. 2001/3538, [art. 2\(a\)](#)

#### **Marginal Citations**

- M3** [S.I. 1986/595 \(N.I. 4\)](#).
- M4** [1990 c. 40](#).

### *Cancellation of registration*

#### **103 Cancellation of registration.**

- (1) Where [<sup>F143</sup>, having consulted the PRA,] the [<sup>F144</sup>FCA] is satisfied, with respect to a building society—
- that the society has been dissolved by virtue of section 93(5), 94(10), 97(9) or 97(10), or
  - that the society has been wound up under the applicable winding up legislation and dissolved, [<sup>F145</sup>or
  - that the society has been dissolved following building society insolvency or building society special administration.]
- the [<sup>F144</sup>FCA] shall cancel the registration of the society.
- (2) Where [<sup>F146</sup>, having consulted the PRA,] the [<sup>F144</sup>FCA] is satisfied, with respect to a building society—
- that a certificate of incorporation has been obtained for the society by fraud or mistake and that the society [<sup>F147</sup>does not have permission under [<sup>F148</sup>Part 4A] of the Financial Services and Markets Act 2000 to accept deposits], or
  - that the society has ceased to exist,
- the [<sup>F144</sup>FCA] may cancel the registration of the society.
- (3) Without prejudice to subsection (2) above, the [<sup>F144</sup>FCA] may, if it thinks fit [<sup>F149</sup>after consulting the PRA], cancel the registration of a building society at the request of the society, evidenced in such manner as the [<sup>F144</sup>FCA] may direct.
- (4) Before cancelling the registration of a building society under subsection (2) above, the [<sup>F144</sup>FCA] shall give to the society not less than two months' previous notice, specifying briefly the grounds of the proposed cancellation.

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- (5) Where the registration of a building society is cancelled under subsection (2) above, the society may appeal to—
- (a) the High Court, where the principal office of the society is situated in England and Wales or in Northern Ireland, or
  - (b) the Court of Session, where that office is situated in Scotland.
- and on any such appeal the High Court or the Court of Session, as the case may be, if it thinks it just to do so, may set aside the cancellation.
- (6) Where the registration of a building society is cancelled under subsection (2) or (3) above, then, subject to the right of appeal conferred by subsection (5) above, the society, so far as it continues to exist, shall cease to be a society incorporated under this Act (and accordingly shall cease to be a building society within the meaning of this Act).
- (7) Subsection (6) above shall have effect in relation to a building society without prejudice to any liability actually incurred by the society; and any such liability may be enforced against the society as if the cancellation had not taken place.
- (8) Any cancellation of the registration of a building society under this section shall be effected in writing signed by the [F144FCA] .
- (9) As soon as practicable after the cancellation of the registration of a society under this section the [F144FCA] shall cause notice thereof to be published in the London Gazette, the Edinburgh Gazette or the Belfast Gazette according to the situation of the society's principal office, and if it thinks fit, in one or more newspapers.

#### Textual Amendments

- F143** Words in s. 103(1) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 8 para. 45(3)** (with Sch. 12)
- F144** Word in s. 103 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 8 para. 45(2)** (with Sch. 12)
- F145** S. 103(1)(c) and preceding word inserted (29.3.2009) by [The Building Societies \(Insolvency and Special Administration\) Order 2009 \(S.I. 2009/805\)](#), **art. 10**
- F146** Words in s. 103(2) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 8 para. 45(4)(a)** (with Sch. 12)
- F147** Words in s. 103(2)(a) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), art. 13(1), **Sch. 3 Pt. II para. 187(b)** (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), **art. 2(a)**
- F148** Words in s. 103(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 8 para. 45(4)(b)** (with Sch. 12)
- F149** Words in s. 103(3) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 8 para. 45(5)** (with Sch. 12)

#### Modifications etc. (not altering text)

- C19** S. 103 excluded by 2009 c. 1, s. 84D(7) (as inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(3)**)
- C20** S. 103(5)(6)(7) applied by [S.I. 1986/2168](#), **art. 10(3)(b)**



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