

SCHEDULES

SCHEDULE 8

Section 34.

POWERS TO PROVIDE SERVICES

PART I

THE SERVICES

- 1 Money transmission services.
- 2 Foreign exchange services.
- 3 Making or receiving of payments, as agents.
- 4 Management, as agents, of mortgage investments.
- 5 Management, as agents, of land.
- 6 Arranging for the provision of services relating to the acquisition or disposal of investments, whether on behalf of the investor or the person providing the service.
- 7 Establishment and management of personal equity plans.
- 8 Arranging for the provision of credit, whether on behalf of the borrower or the person providing credit, and providing services in connection with current loan agreements to the party providing credit.
- 9 Establishment and management of unit trust schemes for the provision of pensions.
- 10 Establishment and, as regards the contributions and benefits, administration, of pension schemes.
- 11 Arranging for the provision of insurance of any description, whether on behalf of the person effecting or the person providing the insurance.
- 12 Giving advice as to insurance of any description.
- 13 Estate agency services.
- 14 Surveys and valuations of land.
- 15 Conveyancing services.

PART II

GENERAL RESTRICTION ON SERVICES ABROAD

- (1) Subject to sub-paragraph (2) below, no power to provide a service of a description specified in Part I of this Schedule includes power to maintain a place of business in a country or territory outside the United Kingdom for that purpose unless the society also conducts the principal business of a building society in that country or territory.

Status: This is the original version (as it was originally enacted).

- (2) This paragraph does not apply to the power to provide estate agency services.

PART III

RESTRICTIONS IN RELATION TO CERTAIN SERVICES

Money transmission

- 1 No guarantee arising out of the operation of an account by means of which money transmission services are provided shall exceed, for any single operation, the prescribed limit

Foreign exchange

- 2 The provision of foreign exchange services is restricted to their provision to individuals.

Estate management

- 3 Management of land is restricted to management of land which is or is to be used primarily for residential purposes or for purposes incidental to the use of adjoining land managed by the society which is or is to be used primarily for residential purposes.
- 4 The power to manage land is not available to a building society which does not for the time being have a qualifying asset holding.

Arranging for investment services

- 5 Arranging for the provision of investment services is restricted to their provision to individuals.

Personal equity plan management

- 6 (1) The power to establish and manage personal equity plans is available only to a subsidiary of the society.
- (2) The power to establish and manage personal equity plans is available only while the society has a qualifying asset holding.

Arranging for provision of credit

- 7 Arranging for the provision of credit and connected services is restricted to their provision by recognised banks or licensed institutions or other bodies for the time being approved for the purposes of this Schedule by the Commission, whether in relation to all building societies or specified classes of building society.
- 8 Arranging for the provision of credit is restricted to its provision to individuals except where the loan to the borrower is to be secured by—
- (a) a mortgage of a legal estate in land in England and Wales or Northern Ireland, or
 - (b) a heritable security over land in Scotland,

Status: This is the original version (as it was originally enacted).

being a mortgage or heritable security to which no other, or no more than one other, mortgage or heritable security, as the case may be, will have priority.

Pensions management etc.

- 9 The power to establish and manage unit trust schemes is available only to a subsidiary of the society.

Arranging for insurance

- 10 Arranging for the provision of insurance is restricted to its provision primarily to individuals ; but this restriction does not apply to, nor in determining whether over any period insurance is being provided primarily to individuals is any account to be taken of income derived from, insurance relating to land which is to secure advances by the society.

Estate agency

- 11 The power to provide estate agency services is available only to a subsidiary of the society.
- 12 For the power to provide estate agency services to be available to the subsidiary of a building society, the following conditions must be fulfilled as regards the subsidiary and its business, that is to say—
- (a) the subsidiary must have been formed in one of the following countries or territories, that is to say, the United Kingdom, a relevant British overseas territory or another member State and the principal business of the society must, at the time the society forms or acquires the subsidiary, be conducted in that country or territory ;
 - (b) 40 per cent, or more of its total income in any financial year (wherever arising) must be derived from estate agency work done in countries or territories in which the society, at any time in that year, carried on the business of making advances secured on land ; and
 - (c) its business must not include the lending of money, secured or unsecured, on its own account or the provision of any service which is a financial service for the purposes of this Schedule other than one which is for the time being specified in Part I of this Schedule.
- 13 No employee of a building society a subsidiary of which provides estate agency services shall act as agent for the subsidiary.

PART IV

SUPPLEMENTARY

Guarantees

- 1 (1) The Commission, with the consent of the Treasury, may by order prescribe a limit of such amount as it considers appropriate for the purposes of paragraph 1 of Part III of this Schedule and in that paragraph " the prescribed limit" means the limit for the time being in force under this paragraph.

Status: This is the original version (as it was originally enacted).

- (2) The power to make an order under this paragraph shall be exercisable by statutory instrument and any instrument so made shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- 2 (1) Without prejudice to any other implied incidental power, the power conferred in Part I of this Schedule to provide money transmission services implies (subject to any specified restriction) power, as regards members as well as others, to give guarantees in relation to, or to permit occasional overdrawing on, accounts with the society.
- (2) It shall be the duty of a building society which has become obliged by virtue of the provision of money transmission services under this Schedule to fulfill a guarantee on a person's account or has permitted an account to become overdrawn to recover as soon as practicable from the person the amount paid by it under the guarantee or, as the case may be, the amount due to it on the overdrawn account and any instrument embodying the guarantee.

Status as bankers

- 3 (1) So far as regards the provision by it of a service which is a qualifying banking service for the purposes of this paragraph a building society shall be treated for all purposes as a bank and a banker and as carrying on the business of banking or a banking undertaking whether or not it would be so treated apart from this paragraph.
- (2) A building society provides a qualifying banking service for the purposes of this paragraph if, with or without any restriction, it provides either or both of the services falling within paragraph 1 or 3 of Part I.
- (3) This paragraph does not affect the determination of any question as to the status of a building society as a bank or banker for other purposes.

Foreign exchange services to individuals

- 4 (1) For the purpose of determining whether a transaction consists in the provision of foreign exchange services to an individual it shall be presumed that a transaction does so consist if the value of the transaction is less than the standard amount.
- (2) The standard amount is, subject to sub-paragraph (3) below, £5,000.
- (3) The Commission, with the consent of the Treasury, may by order amend sub-paragraph (2) above so as to substitute for the amount for the time being specified in that sub-paragraph such other amount as it considers appropriate for the purposes of this paragraph.
- (4) For the purposes of sub-paragraph (1) above the value of a transaction consisting in the provision of foreign exchange services is, where the society is selling the foreign currency, the sum paid to it and, where the society is purchasing the foreign currency, the sum paid by it.

Sanctions for breach of restrictions

- 5 If a person acts as agent in contravention of paragraph 13 of Part III of this Schedule he shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale.

Status: This is the original version (as it was originally enacted).

Interpretation

- 6 This Schedule is to be construed as relating only to the capacity of building societies to provide the services for the time being specified in it and not as making lawful any activity, whether of a building society or a subsidiary or other associated body of a building society, which would not be lawful apart from this Schedule.
- 7 In this Schedule—
- " conveyancing services " has the same meaning as in Schedule 21 to this Act;
 - " estate agency work " has the same meaning as in the Estate Agents Act 1979 ;
 - " investment services " means services falling within paragraph 6 of Part I;
 - " mortgage investments " means investments consisting of rights arising out of advances secured on land;
 - " pension scheme" means a personal pension scheme (within the meaning of the Social Security Act 1986) or an occupational pension scheme (as defined in section 66(1) of the Social Security Pensions Act 1975 or in relation to Northern Ireland, Article 2(2) of the Social Security Pensions (Northern Ireland) Order 1975) and the " provision of pensions " means the provision of benefits which are "money par-chase benefits " within the meaning of that Act of 1986 ;
 - " personal equity plan " means a personal equity plan for the purposes of Schedule 8 to the Finance Act 1986 ;
 - "the principal business of a building society" means the business of raising funds (whether by the issue of shares or receiving deposits) for the purposes of the society or of making advances secured on land ;
 - " the prescribed limit", in relation to guarantees, has the meaning given by paragraph 1 of this Part;
 - "recognised bank" and "licensed institution" have the same meaning as in the Banking Act 1979 ;
 - " relevant British overseas territory " means any of the Channel Islands, the Isle of Man and Gibraltar ; and
 - " unit trust scheme " has the same meaning as in the Financial Services Act 1986.