



Building Societies Act 1986

1986 CHAPTER 53

PART XI

MISCELLANEOUS AND SUPPLEMENTARY AND CONVEYANCING SERVICES

Miscellaneous and supplementary

[^{F1}119A. Meaning of “associated undertaking”

- (1) In this Act “associated undertaking”, in relation to a building society, means an undertaking (other than a subsidiary undertaking of the society)—
 - (a) in which the society (or the group of which the society is a member) holds a participating interest, and
 - (b) over whose operating and financial policy the society (or group) exercises a significant influence.
- (2) A “participating interest” means an interest in the shares of the undertaking held on a long term basis for the purpose of securing a contribution to the activities of the society (or group) by the exercise of control or influence arising from or related to that interest.
- (3) For this purpose—
 - (a) a holding of 20% or more of the shares of an undertaking is presumed to be a participating interest unless the contrary is shown;
 - (b) an “interest in shares” includes—
 - (i) an interest that is convertible into an interest in shares, and
 - (ii) an option to acquire shares or any such interest,and an interest or option falls within sub-paragraph (i) or (ii) notwithstanding that the shares to which it relates are, until the conversion or the exercise of the option, unissued;
 - (c) an interest held on behalf of an undertaking is treated as held by it.

Changes to legislation: *Building Societies Act 1986, Section 119A is up to date with all changes known to be in force on or before 25 April 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (4) A holding of 20% or more of the voting rights in an undertaking is presumed to result in the exercise of such influence as is mentioned in subsection (1)(b), unless the contrary is shown.
- (5) For this purpose—
- (a) the voting rights in an undertaking means the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote on all, or substantially all, matters affecting the undertaking; and
 - (b) the provisions of paragraphs 5 to 11 of Schedule 7 to the Companies Act 2006 (rights to be taken into account and attribution of rights) apply in determining whether the society (or the group) holds 20% or more of the voting rights in an undertaking.
- (6) References in this section to the group of which the society is a member at any time are to the undertakings that would fall to be included in the consolidation if consolidated group accounts were to be drawn up by the society at that time.
- (7) An undertaking is not an “associated undertaking” of a building society for the purposes of this Act if, in such accounts, it would fall to be dealt with as a joint venture (that is, an undertaking managed jointly with one or more undertakings not included in the consolidation).]

Textual Amendments

- F1** S. 119A inserted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 109** (with arts. 6, 11, 12)

Changes to legislation:

Building Societies Act 1986, Section 119A is up to date with all changes known to be in force on or before 25 April 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 5(11)-(14) inserted by [2007 c. 26 s. 1\(2\)](#)
- s. 5(13)(a) substituted by [S.I. 2013/496 Sch. 8 para. 4\(4\)](#)
- s. 7(6A)-(6C) inserted by [2007 c. 26 s. 1\(1\)\(a\)](#)
- s. 7(8A) inserted by [2007 c. 26 s. 1\(1\)\(c\)](#)
- s. 176ZB excluded by [S.I. 2017/400 reg. 14](#)
- s. 246ZA-246ZC excluded by [S.I. 2017/400 reg. 15](#)
- s. 246ZD excluded by [S.I. 2017/400 reg. 16](#)