



Building Societies Act 1986

1986 CHAPTER 53

^{F1}[PART III

ADVANCES, LOANS AND OTHER ASSETS]

Liquid assets

^{F1}21 **Liquid assets.**

- (1) Subject to the following provisions of this section, a building society shall secure that, of its total assets, it keeps such a proportion of them having such a composition as will at all times enable the society to meet its liabilities as they arise.
- (2) A building society may keep assets of an authorised character beyond those required for the purpose of complying with subsection (1) above.
- (3) Subject to subsections (5) and (6) below, the assets held by a building society under subsection (1) or (2) above—
 - (a) shall not exceed in the aggregate a proportion of its total assets greater than 33 per cent., and
 - (b) shall be composed of assets of an authorised character and no others;

but, subject to that, a building society, in deciding on the composition and proportion appropriate for the purpose of complying with subsection (1) above, shall have regard to the range and scale of its business and the composition and character of its assets and liabilities.

- (4) Subsection (3) above, in its application to a building society with which other bodies corporate are associated, is to be read as requiring the society to have regard to the range and scale of the business, and the composition and character of the assets and liabilities, of the society and the associated bodies.
- (5) The Commission may, by order made with the consent of the Treasury, direct that this section shall have effect during the currency of the order as if such percentage as if specified in the order were substituted for the percentage specified in subsection (3)

Changes to legislation: Building Societies Act 1986, Section 21 is up to date with all changes known to be in force on or before 28 September 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

above; but any order under this subsection shall expire (unless previously revoked) at the end of the period of twelve months beginning with the day on which the order came into operation.

- (6) The Commission may, at any time, by notice to a building society, direct that the limit in force under this section shall not, subject to any conditions specified in the notice, apply to the society during such period as the Commission specifies in the notice.
- (7) Regulations to be known as liquid asset regulations shall be made by the Commission, with the consent of the Treasury, for the purposes of this section and such regulations—
- (a) shall prescribe descriptions of assets as assets of a character which societies may, in any prescribed circumstances and subject to any prescribed conditions, hold under this section for the purpose of meeting their liabilities as they arise,
 - (b) may make different provision for different descriptions of building societies, and
 - (c) may make such supplementary or incidental provision and such transitional provision as appears to the Commission to be necessary or expedient.
- (8) The power to make an order or regulations under subsection (5) or (7) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (9) If the assets of a building society which are kept in the form directed by subsection (1) above exceed at any time the percentage in force under this section at that time the powers conferred on the Commission by section 36 shall become exercisable in relation to the society, but exceeding the limit shall not affect the validity of transactions effected in excess of it.
- (10) In this section—
- “authorised”, in relation to the character of assets, means authorised by regulations under subsection (7) above for the purpose specified in paragraph (a) of that subsection;
 - “business” includes business the society proposes to carry on; and
 - “prescribed” means prescribed in regulations under subsection (7) above.]

Textual Amendments

- F1** Pt. III (ss. 10-23) 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. 12(1)(a), 46(2), 47(3), **Sch. 9**; S.I. 1997/2668, art. 2, Sch. Pts. I(b), **II(j)**

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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](#)