



Building Societies Act 1986

1986 CHAPTER 53

PART VI

POWERS OF CONTROL OF THE [F¹APPROPRIATE AUTHORITY]

Powers in relation to authorisation

[F¹42B Power to direct transfers of engagements or business.

- (1) If, with respect to a building society [F²which has a permission under [F³Part 4A] of the Financial Services and Markets Act 2000 to accept deposits, the [F⁴appropriate authority]] considers it expedient to do so in order to protect the investments of shareholders or depositors, it may either—
- (a) direct the society, within a specified period, to transfer all its engagements to one or more other building societies under section 94;
 - [F⁵(aa) direct the society, within a specified period, to transfer its business under section 97 to an existing or specially formed company that is a subsidiary of another mutual society by a transfer to which provision made by order under section 3 of the 2007 Act (transfers to subsidiaries of other mutuals) applies;]or
 - (b) direct the society, within a specified period, to transfer its business [F⁶under section 97 to an existing company that is not a subsidiary of another mutual society] .

[In this section—

- F⁷(1A) (a) “the 2007 Act” means the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007;
- (b) “mutual society” has the same meaning as in section 3 of that Act.]

- [If it appears to the [F⁴appropriate authority] that a society has failed to comply with
- F⁸(2) a direction under subsection (1), the [F⁴appropriate authority] may exercise its power under [F⁹section 55J (variation or cancellation on initiative of regulator), section 55L

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(imposition of requirements by FCA) or section 55M (imposition of requirements by PRA)] of the Financial Services and Markets Act 2000 in relation to the society^{F10}....

(2A) Subsection (2) does not affect the [F4appropriate authority]’s ability to exercise that power, in relation to the society, on any other ground.]

(3) Where the [F4appropriate authority] —

- (a) gives a building society a direction under subsection (1)(a) above; or
- (b) does not give a building society such a direction solely because the society is already seeking to transfer all its engagements to one or more other building societies under section 94,

the [F4appropriate authority] may, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, direct that, instead of resolving to transfer its engagements by the two resolutions required by section 94(2) (with or without the additional resolution required by section 94(3)), the society may resolve to do so by a resolution of the board of directors.

(4) Where the [F4appropriate authority] —

- (a) gives a building society a direction under subsection [F11(1)(aa) or (b)] above; or
- (b) does not give a building society such a direction solely because the society is already seeking to transfer its business to an existing company [F12], or to a specially formed company that is a subsidiary of another mutual society,] under section 97,

the [F4appropriate authority] may, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, direct that, instead of approving the transfer and the terms of the transfer by the two resolutions required by section 97(4) (c), the society may approve the transfer and those terms by a resolution of the board of directors.

(5) A direction under subsection (3) or (4) above—

- (a) shall be in writing;
- (b) may be given subject to such limitations or conditions as the [F4appropriate authority] may think fit; and
- (c) unless renewed by a further direction, shall cease to have effect at the end of the period of 90 days beginning with the day on which it is given.

[The PRA must consult the FCA before giving a direction under this section.]
F13(5A)

F14(6)

(7) In Schedule 8A to this Act—

- (a) Part I (which contains provisions modifying sections 94 to 96 and Schedule 16 to this Act) shall apply where a direction is given under subsection (3) above; and
- (b) Part II (which contains provisions modifying sections 97 to 100 and Schedule 17 to this Act) shall apply where a direction is given under subsection (4) above.

(8) The [F15Treasury] may make regulations for the purpose of specifying, as prescribed matters—

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- (a) the matters of which statements under paragraph 3 of Schedule 8A to this Act are to give particulars; and
 - (b) the matters of which statements under paragraph 9 of that Schedule are to give particulars.
- (9) The power to make regulations under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.]

Textual Amendments

- F1** S. 42B inserted (9.6.1997) by 1997 c. 32, s. 17(1); S.I. 1997/1427, art. 2(c)
- F2** Words in s. 42B(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8, 13(1), Sch. 3 Pt. II para. 145(a) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F3** Words in s. 42B(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. 13(3) (with Sch. 12)
- F4** Words in ss. 42B(1)-(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. 13(2) (with Sch. 12)
- F5** S. 42B(1)(aa) inserted (1.4.2013) by Financial Services Act 2012 (c. 21), ss. 56(2)(a), 122(3) (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F6** Words in s. 42B(1)(b) substituted (1.4.2013) by Financial Services Act 2012 (c. 21), ss. 56(2)(b), 122(3) (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F7** S. 42B(1A) inserted (1.4.2013) by Financial Services Act 2012 (c. 21), ss. 56(3), 122(3) (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F8** S. 42B(2)(2A) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for s. 42B(2) by S.I. 2001/2617, arts. 2, 8, 13(1), Sch. 3 Pt. II, para. 145(b) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F9** Words in s. 42B(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. 13(4)(a) (with Sch. 12)
- F10** Words in s. 42B(2) 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. 13(4)(b) (with Sch. 12)
- F11** Words in s. 42B(4)(a) substituted (1.4.2013) by Financial Services Act 2012 (c. 21), ss. 56(4)(a), 122(3) (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F12** Words in s. 42B(4)(b) inserted (1.4.2013) by Financial Services Act 2012 (c. 21), ss. 56(4)(b), 122(3) (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F13** S. 42B(5A) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 8 para. 13(5) (with Sch. 12)
- F14** S. 42B(6) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F15** Word in s. 42B(8) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8, 13(1), Sch. 3 Pt. II para. 145(e) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

Modifications etc. (not altering text)

- C1** S. 42B(8): 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; S.I. 2001/3538, art. 2(1)

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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](#)