



Building Societies Act 1986

1986 CHAPTER 53

PART VII

MANAGEMENT OF BUILDING SOCIETIES

Directors and other officers

60 Directors: elections and retirements.

- (1) Except in so far as they may be co-opted by virtue of subsection (13) below, the directors of a building society must be elected to office, either—
- ^{F1}(a) on a poll taken at the annual general meeting of the society, or
 - (b) by postal ^{F2}or electronic] ballot of the members conducted during that part of the financial year of the society which precedes the date on which the annual general meeting is held,

as the rules provide.

^{F3}(1A) Where directors of a building society are to be elected to office on a poll taken at the annual general meeting of the society, a form for the appointment of a proxy shall be sent to each person entitled to notice of the meeting.]

- (2) The persons entitled to vote in an election of directors of a building society are those members of the society who, on the voting date, are entitled to vote on an ordinary resolution of the society.

^{F4}(3) Where, in the case of an election of directors of a building society, there are more candidates than vacancies to be filled by the election, a person entitled to vote in the election—

- (a) shall have one vote in respect of every vacancy, but
- (b) cannot be required to cast all or any of his votes.

(3A) Where, in the case of an election of directors of a building society, there are not more candidates than vacancies to be filled by the election—

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- (a) a person entitled to vote in the election shall have one vote in respect of every candidate, but cannot be required to cast all or any of his votes;
 - (b) each vote shall be capable of being cast either for or against the candidate concerned; and
 - (c) a candidate shall be elected if, and only if, more votes are cast for him than against him.]
- (4) Subject to subsections [^{F5}(4A),] (6), (7) and (9) below and to paragraph 5(3) of Schedule 2 to this Act, [^{F6}any natural person] is eligible to be elected a director of a building society.
- [^{F7}(4A) A person in relation to whom there is in force a prohibition order made under section 56(2) of the Financial Services and Markets Act 2000 shall not be eligible to be elected as a director of a building society.]
- (5) The rules of a building society may require its directors to retire at a prescribed age without eligibility for re-election or reappointment; and, if the age so prescribed is no greater than the age which is the normal retirement age for the purposes of this section, subsection (7) below shall have no application to the directors of the society.
- (6) If the rules of a building society make the provision authorised by subsection (5) above, a person who has attained the age so prescribed shall not be eligible to be elected as a director of the society.
- (7) Except in a case where the operation of this subsection is excluded by subsection (5) above, if a person has attained the normal retirement age for directors, he shall not be eligible to be elected a director of a building society unless—
- (a) he has been approved as eligible for election by resolution of the board of directors, and
 - (b) his age and the reasons for the board's approval of his eligibility have been notified to every person entitled to vote at the election.
- [^{F8}(7A) Where the information required to be notified by subsection (7)(b) is sent electronically, it must be sent to an electronic address notified by the person for the purpose.
- (7B) The requirement of subsection (7)(b) to notify information to a person is satisfied by the publication of that information on a web site only if—
- (a) the society and that person have agreed to his accessing information on a web site;
 - (b) the published information is information to which the agreement applies;
 - (c) that person is notified before the voting date ^{F9}... of—
 - (i) the publication of the information on a web site,
 - (ii) the address of that web site, and
 - (iii) the place on that web site where the information may be accessed, and how it may be accessed; and
 - (d) the information is published continuously on that web site throughout the period beginning with the giving of that notification and ending with the voting date.
- (7C) Where, in a case in which subsection (7B) is relied on for compliance with a requirement of subsection (7)(b)—

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- (a) information is published for a part, but not all, of the period mentioned in subsection (7B)(d), but
 - (b) the failure to publish it throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the society to prevent or avoid,
- the failure shall not invalidate the election of a director.]
- (8) In this section “the normal retirement age”, in relation to the directors of a building society, means 70 years or such lesser age as the rules of the society prescribe as the normal retirement age for its directors; and “the compulsory retirement age”, for a society whose rules make the provision authorised by subsection (5) above, means the age so prescribed in its rules.
- (9) The rules of a building society may impose, as a condition of a person’s eligibility to be or to remain a director of the society, a requirement that he shall hold beneficially shares in the society not less in value than the amount prescribed by the rules, but the minimum holding to be required shall not exceed £1,000 or such other amount as may be substituted for it by order of the [^{F10}Treasury] under this subsection.
- (10) The rules of a building society may impose, as conditions of the validity of a person’s nomination for election as a director, requirements as to—
- (a) the minimum number of members who must join in nominating him,
 - ^{F11}[(b) their qualifications as respects length of membership and the value of their shares or the amount of their mortgage debt;]
 - (c) the depositing of money with the society in connection with his candidature, but no other requirements; and rules made by virtue of this subsection must comply with section 61.
- ^{F12}[(10A) A nomination of a candidate for election as a director of a building society—
- (a) may be made at any time; but
 - (b) if made after the closing date for the nomination of candidates for the next election of directors, shall be carried forward (unless the candidate otherwise requires) as a nomination for the next election of directors after that;
- and in this subsection and section 61 “the closing date for the nomination of candidates”, in relation to an election of directors, means the last day of the last financial year to end before the voting date.]
- (11) A director of a building society shall retire from office—
- (a) in any case not provided for by paragraph (b) below, subsection (12) below or rules under section 61(10), at the third annual general meeting of the society following the date of his election, and
 - (b) in a case where he had attained the normal retirement age at his election, at the next annual general meeting following that date;
- subject (in either case) to any provision for his earlier retirement on the grounds of ceasing to hold the requisite shares in the society contained in the rules of the society.
- (12) A director of a building society attaining the normal retirement age or, as the case may be, the compulsory retirement age shall, subject to any provision of the rules for earlier retirement, retire from office at the next annual general meeting of the society.

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- (13) If the rules of a building society so provide, the directors for the time being may appoint as additional directors or to fill any vacancy on the board of directors any person who—
- (a) has not attained—
 - (i) the normal retirement age, or
 - (ii) the compulsory retirement age (where that age is less than the normal retirement age), and
 - (b) appears to them to be fit and proper to be a director.

not being a person who, having been nominated for election as a director at any election held within the preceding twelve months, was not elected as a director.

- (14) A person who is co-opted under subsection (13) above shall cease to hold office at the end of the permitted period unless he is elected as a director of the society in accordance with this section within that period.
- (15) A person who holds office as, or is to his knowledge nominated for election or proposed for appointment under subsection (13) above as, a director of a building society shall, not later than 28 days before he attains the normal retirement age or, as the case may be, the compulsory retirement age for directors of the society, give the society notice of the date on which he will attain that age; and if he fails to do so 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 week during which the offence continues.
- (16) The power of the [^{F10}Treasury] to make an order under subsection (9) above—
- (a) includes power to make such transitional provision as [^{F13}they consider] necessary or expedient, and
 - (b) shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

- (17) In this section—

[^{F14} “ordinary resolution” means a resolution which will be effective without being passed as a special resolution or borrowing members’ resolution;]

“permitted period”, in relation to a co-opted director, has the meaning given by section 61(12); and

“the voting date” means—

- (a) in the case of an election at a meeting, the date of the meeting, except where paragraph (c) below applies;
- (b) in the case of an election conducted by postal ballot [^{F15}or by electronic ballot in the case of which not all the voting is electronic (within the meaning of paragraph 33A of Schedule 2)], the date which the society specifies as the final date for the receipt of completed ballot papers;
- (bb) [^{F16}in the case of an election conducted by electronic ballot in which all the voting is electronic voting (within the meaning of that paragraph), the date which the society specifies as the final date for registering votes;]
- (c) in a case where a member appoints a proxy to vote at the meeting for him, the date which the society specifies as the final date for receipt of [^{F17}appointments of] proxies to vote at the election;

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and, for the purposes of this Act, the date of a person's election to office as a director of a building society, in a case where the rules provide for election [^{F18}by postal or electronic ballot], is the date of the meeting at which the declaration of the result of the ballot is made.

Textual Amendments

- F1** S. 60(1)(a) 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. 27(1)**, 47(3); S.I. 1997/2668, **art. 2**, **Sch. Pt. II(s)**
- F2** Words in s. 60(1)(b) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **30(2)(a)**
- F3** S. 60(1A) 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. 27(2)**, 47(3); S.I. 1997/2668, **art. 2**, **Sch. Pt. II(s)**
- F4** S. 60(3)(3A) substituted for s. 60(3) (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. 27(3)**, 47(3); S.I. 1997/2668, **art. 2**, **Sch. Pt. II(s)**
- F5** Word in s. 60(4) inserted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 157(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F6** Words in s. 60(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. 27(4)**, 47(3); S.I. 1997/2668, **art. 2**, **Sch. Pt. II(s)**
- F7** S. 60(4A) inserted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 157(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F8** S. 60(7A)-(7C) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **2**
- F9** Words in s. 60(7B)(c) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 10**
- F10** Words in s. 60(9)(16) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 157(c)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F11** S. 60(10)(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. 27(5)**, 47(3); S.I. 1997/2668, **art. 2**, **Sch. Pt. II(s)**
- F12** S. 60(10A) 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. 27(6)**, 47(3); S.I. 1997/2668, **art. 2**, **Sch. Pt. II(s)**
- F13** Words in s. 60(16) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 157(d)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F14** Definition in s. 60(17) 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. 27(7)**, 46(2), 47(3), **Sch. 9**; S.I. 1997/2668, **art. 2**, **Sch. Pt. II(s)(cc)(viii)**
- F15** Words in s. 60(17) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **30(2)(b)(i)**
- F16** Words in s. 60(17) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **30(2)(b)(ii)**
- F17** Words in s. 60(17) substituted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **29(2)**
- F18** Words in s. 60(17) substituted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **30(2)(c)**

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Modifications etc. (not altering text)

- C1** Ss. 60(1)(2)(3)(9)(10), 61 excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(3)**
- C2** S. 60(9)(16): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. III** (with art. 5); 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](#)