



Building Societies Act 1986

1986 CHAPTER 53

PART VII

MANAGEMENT OF BUILDING SOCIETIES

Directors and other officers

61 Directors: supplementary provisions as to elections, etc.

^[F1](1) Rules made under section 60(10)(a), in order to comply with this section, must not require—

- (a) in the case of a society whose total commercial assets do not exceed £100 million, more than ^[F2]50 members;
- (b) in the case of a society whose total commercial assets exceed £100 million but do not exceed £250 million, more than ^[F2]100 members;
- (c) in the case of a society whose total commercial assets exceed £250 million but do not exceed £1,000 million, more than ^[F2]150 members;
- (d) in the case of a society whose total commercial assets exceed £1,000 million but do not exceed £5,000 million, more than ^[F2]200 members; and
- (e) in the case of a society whose total commercial assets exceed £5,000 million, more than ^[F2]250 members,

to join in nominating a person for election as a director.

(2) Rules under section 60(10)(b), in order to comply with this section, must not require a nominating member—

- (a) to have been a member for more than two years before the date of the nomination; or
- (b) if he claims eligibility as a shareholding member, to hold, or to have held at any time during that period, shares in the society to a value greater than ^[F3]£200; or

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- (c) if he claims eligibility as a borrowing member, to owe to the society, or to have owed to the society at any time during that period, a mortgage debt of an amount greater than [^{F3}£200].]
- (3) Rules made under section 60(10)(c), in order to comply with this section—
- (a) must not require more than [^{F4}£500] to be deposited with the society;
 - (b) must not require the money to be deposited before the date which, under the rules, is the closing date for the nomination of candidates for the election; and
 - (c) must provide for the return of the deposit to the candidate in the event of his securing—
 - (i) not less than 5 per cent. of the total number of votes cast for all the candidates in the election; or
 - (ii) not less than 20 per cent. of the number of votes cast for the candidate who is elected with the smallest number of votes.

[^{F5}(3A) In subsection (1) above “total commercial assets”, in relation to a building society, means the difference between the total assets of the society as shown in the relevant accounts and the aggregate of—

- (a) the liquid assets of the society as shown in those accounts in pursuance of regulations [^{F6}under section 72C or 72G, or in accordance with [^{F7}UK-adopted international accounting standards] as appropriate]; and
- (b) the fixed assets of the society as so shown;

and in this subsection “the relevant accounts” means the accounts which, immediately before the closing date for the nomination of candidates, were the accounts last prepared by the society under [^{F8}section 72A or 72E and “liquid assets” and “fixed assets”, in the case of societies which produce IAS individual accounts or IAS group accounts, have the same meaning as given in section 6(16)].

- (4) The [^{F9}Treasury] may, by order, substitute—
- (a) for any amount or number specified in subsection (1) above;
 - (b) for any amount specified in subsection (2) above; or
 - (c) for any amount or percentage specified in subsection (3) above,
- such other amount, number or percentage as [^{F10}they think] appropriate; and the [^{F11}Treasury may] by order vary subsection (3A) above by adding to or deleting from it any provision or by varying any provision contained in it.]
- (5) The power to make orders under subsection (4) above—
- (a) includes power to make such transitional provision as the [^{F12}Treasury consider] necessary or expedient, and
 - (b) is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (6) If a building society, in a case where the board of directors has approved as eligible for election a person who has attained the normal retirement age, fails to notify every person entitled to vote at the election as required by section 60(7), the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence; but no such failure shall invalidate the election.
- (7) [^{F13}If, before the closing date for the nomination of candidates, a duly nominated candidate for election as a director of a building society furnishes the society with

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an election address, or a revised election address, of not more than 500 words], then, subject to subsection (8) below—

- (a) it shall be the duty of the society to send a copy of the address [^{F14}or, as the case may require, the revised address] to each member of the society who is entitled to vote in the election;
- (b) each member's copy shall be sent in the same manner and, so far as practicable, at the same time as the notice of the meeting at which the election is to be conducted or [^{F15}the notice of the postal or electronic ballot is] sent out, as the case may be, or as soon as is practicable thereafter; and
- (c) if the building society fails to comply with the requirements of this subsection the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also liable for the offence;

but no such failure shall invalidate the election.

[^{F16}(7A) Subsection (7B) applies where, in a case in which—

- (a) a society gives notice in accordance with paragraph 22A or 22B of Schedule 2 of the meeting at which the election is to be conducted;
- (b) a society gives notice of a postal ballot by which the election is to be conducted by sending it electronically to an electronic address; or
- (c) a society gives notice of an electronic ballot by which the election is to be conducted,

the copy of the election address or revised election address that is required to be sent to a member under subsection (7)(b) is not transmitted or published at the same time as the notice.

(7B) The requirement of subsection (7)(b) to send a member his copy of the election address or revised election address in the same manner as the notice is satisfied if—

- (a) a copy of the address or revised address is made available to the member in the same way as the notice; or
- (b) such a copy (without being made available to the member in that way) is sent to the member in a manner set out by the society for the purpose in the notice.

(7C) Where a copy of an election address or revised election address is sent to a member electronically under subsection (7B), it must be sent to an electronic address notified by the member for the purpose.

(7D) The requirements of subsection (7)(b) or (7B)(a) are satisfied by the publication of a copy of the election address or revised election address on a web site only if—

- (a) the notice of the election meeting or of the electronic ballot is a notice given to that member by being published on a web site;
- (b) an agreement between the society and the member to his accessing information on a web site applies to copies of election addresses or revised election addresses for the meeting or ballot in question;
- (c) the member is notified ^{F17}... of—
 - (i) the publication of a copy of the address or revised address on a web site,
 - (ii) the address of that web site, and
 - (iii) the place on that web site where the copy may be accessed, and how it may be accessed;

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- (d) the notification for the purposes of paragraph (c) above is given no later than the day after the date on which the copy of the election address or revised election address is first capable of being accessed on the notified web site; and
 - (e) that date was the same as the date on which the notice of the election meeting or of the electronic ballot was first capable of being accessed on a web site or (in a case to which subsection (7B) applies) was as soon as practicable after that date;
 - (f) a copy of the election address or revised election address is continuously published on the notified web site throughout the period beginning with the day on which it was first accessible on that site and ending with the voting date (within the meaning of section 60(17)).
- (7E) Where, in a case in which subsection (7D) is relied on for compliance with a requirement under subsection (7)(b) or (7B)(a) above^{F18}...—
- (a) a copy is published for a part, but not all, of the period mentioned in subsection (7D)(f), 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) Subsection (7) above does not require a building society to send copies of an address [^{F19}or a revised address] to members of the society in any case where—
- (a) publicity for the address [^{F20}or revised address] would be likely to diminish substantially the confidence in the society of investing members of the public, or
 - (b) the rights conferred by that subsection are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes;
- and that subsection shall not be taken to confer any rights on members, or to impose any duties on a building society, in respect of an address [^{F19}or a revised address] which does not relate directly to the affairs of the society.
- (9) The [^{F21}FCA] shall hear and determine any dispute arising under subsection (8)(a) above, whether on the application of the society or of any other person who claims to be aggrieved.
- (10) The rules of a building society, if they provide for the retirement by rotation of its directors, may provide that a person elected to fill a vacant seat on the board must retire at the annual general meeting at which, in accordance with the rules for retirement by rotation, the seat is to fall vacant.
- (11) Subsection (10) above applies to any vacancy arising when an elected director ceases to hold office for any reason before the annual general meeting at which (disregarding his age) the seat is due to fall vacant under section 60(11)(a).
- (12) For the purposes of section 60(17) “the permitted period”, with reference to the tenure of office of co-opted directors, is the period beginning with the date of the co-opted director’s appointment and ending with whichever of the following first occurs, that is to say—
- (i) in the case of a building society which elects its directors at its annual general meeting, the conclusion of the next such meeting following his appointment;

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- (ii) in the case of a building society which elects its directors by postal [^{F22}or electronic] ballot, the declaration at its annual general meeting of the result of the next such ballot conducted after his appointment;
- (iii) the expiration of the period of sixteen months beginning with the date of his appointment;

but a general meeting or postal [^{F22}or electronic] ballot shall be disregarded for the purposes of this paragraph if the closing date for the nomination of candidates falls before the date of the co-opted director's appointment.

- (13) Where a person becomes or ceases to be a director of a building society, the society shall within one month give notice of that fact to the [^{F23}FCA], stating the person's full name and address and the date on which he became, or ceased to be, a director; and the [^{F23}FCA] shall record the person's name and the date on which he began to hold, or, as the case may be, ceased to hold office, in the public file of the society.
- (14) If a building society fails to comply with subsection (13) above the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

Textual Amendments

- F1** S. 61(1)(2) 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. 28(1), 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(t)
- F2** Words in s. 61(1)(a)-(e) substituted (1.12.1999) by S.I. 1999/3032, art. 2(a)-(e)
- F3** Word in s. 61(2)(b)(c) substituted (6.4.2007) by The Building Societies Act 1986 (Substitution of Specified Amounts and Modification of the Funding Limit Calculation) Order 2007 (S.I. 2007/860), arts. 1, 2(2)(a)
- F4** Word in s. 61(3)(a) substituted (6.4.2007) by The Building Societies Act 1986 (Substitution of Specified Amounts and Modification of the Funding Limit Calculation) Order 2007 (S.I. 2007/860), arts. 1, 2(2)(b)
- F5** S. 61(3A)(4) substituted for s. 61(4) (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. 28(2), 47(3); S.I. 1997/2668, art. 2, Sch. Pt. II(t)
- F6** Words in s. 61(3A)(a) substituted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by The Building Societies Act 1986 (International Accounting Standards and Other Accounting Amendments) Order 2004 (S.I. 2004/3380), art. 1, Sch. para. 3(1)(a)
- F7** Words in s. 61(3A) substituted (31.12.2020) by The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), Sch. 1 para. 28 (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, 25(d)); 2020 c. 1, Sch. 5 para. 1(1)
- F8** Words in s. 61(3A) substituted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by The Building Societies Act 1986 (International Accounting Standards and Other Accounting Amendments) Order 2004 (S.I. 2004/3380), art. 1, Sch. para. 3(1)(b)
- F9** Word in s. 61(4) 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. 158(a)(i) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F10** Words in s. 61(4) 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. 158(a)(ii) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

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- F11** Words in s. 61(4) 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. 158(a)(iii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F12** Words in s. 61(5) 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. 158(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F13** Words in s. 61(7) 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. 28(3)(a)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(t)**
- F14** Words in s. 61(7)(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. 28(3)(b)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(t)**
- F15** Words in s. 61(7)(b) substituted (20.3.2003) by *The Building Societies Act 1986 (Electronic Communications) Order 2003* (S.I. 2003/404), arts. 1(1), **30(3)(a)**
- F16** S. 61(7A)-(7E) inserted (20.3.2003) by *The Building Societies Act 1986 (Electronic Communications) Order 2003* (S.I. 2003/404), arts. 1(1), **3(2)**
- F17** Words in s. 61(7D)(c) omitted (18.2.2014) by virtue of *Financial Services (Banking Reform) Act 2013* (c. 33), s. 148(2), **Sch. 9 para. 10**
- F18** Words in s. 61(7E) omitted (12.4.2011) by virtue of *The Mutual Societies (Electronic Communications) Order 2011* (S.I. 2011/593), arts. 1(1), **3(1)**
- F19** Words in s. 61(8) 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. 28(4)(a)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(t)**
- F20** Words in s. 61(8) 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. 28(4)(b)**, 47(3); S.I. 1997/2668, **art. 2, Sch. Pt. II(t)**
- F21** Word in s. 61(9) substituted (1.4.2013) by *The Financial Services Act 2012 (Mutual Societies) Order 2013* (S.I. 2013/496), art. 1(1), **Sch. 8 para. 24** (with Sch. 12)
- F22** Words in s. 61(12) inserted (20.3.2003) by *The Building Societies Act 1986 (Electronic Communications) Order 2003* (S.I. 2003/404), arts. 1(1), **30(3)(b)**
- F23** Word in s. 61(13) substituted (1.4.2013) by *The Financial Services Act 2012 (Mutual Societies) Order 2013* (S.I. 2013/496), art. 1(1), **Sch. 8 para. 24** (with Sch. 12)

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. 61(4)(5): 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](#)