



# Banking Act 2009

## 2009 CHAPTER 1

### PART 1

#### SPECIAL RESOLUTION REGIME

#### [<sup>F1</sup>CHAPTER 5

#### SPECIAL CASES]

#### *Building societies, &c.*

#### 84 Application of Part 1: general

[<sup>F1</sup>This Part applies to building societies (within the meaning of section 119 of the Building Societies Act 1986) as it applies to banks, subject to—

- (a) the provisions of the Table, and
- (b) sections [<sup>F2</sup>84ZA] to 84D (which relate to the [<sup>F3</sup>second and fourth stabilisation options] ).]

<i>Section</i>	<i>Topic</i>	<i>Modification or note</i>
F4	F4	F4
...	...	...
13	Temporary public ownership	The procedure provided by section 85 has effect in place of share transfer orders.
14 to 32	Transfer of securities	The procedure provided by section 85 has effect in place of share transfer orders; and—

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		<ul style="list-style-type: none"> <li>(a) sections 28 and 30 do not apply, and</li> <li>(b) section 27 applies following an order under section 85 as following a share transfer order.</li> </ul>
33	Property transfer instrument: nature	<p>A property transfer instrument in respect of a building society may—</p> <ul style="list-style-type: none"> <li>(a) cancel shares in the building society;</li> <li>(b) confer rights and impose liabilities in place of cancelled shares (whether by way of actual or deemed shares in a transferee building society or by way of other rights and liabilities in relation to a transferee bank).</li> </ul>
33 and 36	Property transfer instrument: continuity	<p>A property transfer instrument in respect of a bank which provides for transfer to a building society may confer rights and impose liabilities by way of actual or deemed shares in the building society.</p>
34	Property transfer instrument: effect	<p>A property transfer instrument may, in particular, have effect without causing sections 93 to 102D of the Building Societies Act 1986 (mergers and transfers) to apply.</p>
42	Supplemental property transfer instrument	<p>A supplemental property transfer instrument in respect of a building society may—</p> <ul style="list-style-type: none"> <li>(a) cancel shares in the building society;</li> <li>(b) confer rights and impose liabilities in place of cancelled shares (whether by way of actual or</li> </ul>

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		deemed shares in a transferee building society or by way of other rights and liabilities in relation to a transferee bank).
45	Temporary public ownership: property transfer	(a) Section 45 applies following an order under section 85 as following a share transfer order. (b) A property transfer order in respect of a building society may cancel shares in the building society.
49 to 62	Compensation	(a) A reference to a share transfer order includes a reference to an order under section 85. (b) A resolution fund order may not be made under section 51(2)(b). (c) If and in so far as an order under section 85 provides for the issue of new deferred shares, section 51(2) shall not apply [ <sup>F5</sup> but the Treasury may make a third party compensation order].
63 to 75	Incidental functions	A reference to a share transfer order includes a reference to an order under section 85.

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**Textual Amendments**

**F1** Words in s. 84 substituted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(2)**

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- F2** Word in s. 84(b) substituted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **20(a)**
- F3** Words in s. 84(b) substituted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **20(b)**
- F4** Words in s. 84 omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(1)**
- F5** Words in s. 84 inserted (8.4.2010) by [Financial Services Act 2010 \(c. 28\)](#), ss. **21(5)**, 26(1)(f)

**Commencement Information**

- I1** S. 84 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

**[<sup>F6</sup>84ZA Bridge bank: share transfer instruments**

- (1) This section applies for the purpose of the exercise of the second stabilisation option (transfer to a bridge bank) in relation to a building society.
- (2) A share transfer instrument made under section 12(2)(a) may—
  - (a) convert the building society into a company (“the successor company”), and
  - (b) make other provision for the purposes of, or in connection with the conversion of the building society.
- (3) The provision which may be made under subsection (2)(b) includes—
  - (a) provision cancelling shares in the building society;
  - (b) provision cancelling membership rights in the building society;
  - (c) provision converting shares in the building society into deposits with the successor company;
  - (d) provision conferring rights and imposing liabilities in place of cancelled shares and membership rights;
  - (e) provision requiring the FCA to cancel the building society's registration under the Building Societies Act 1986 at a time specified in or determined in accordance with the instrument;
  - (f) provision that any person approved for the purposes of Part 5 of the Financial Services and Markets Act 2000 (performance of regulated activities) in relation to the building society immediately before the share transfer instrument is made continues to be approved for those purposes in relation to the successor company (but without affecting the power of the FCA or the PRA to vary or withdraw an approval);
  - (g) provision for the successor company on its incorporation to be wholly owned by a bridge bank specified in the instrument (the “parent undertaking”);
  - (h) where provision is made under paragraph (g), provision—
    - (i) for the transfer of liabilities from the successor company to the parent undertaking, and for the creation of corresponding liabilities of the successor company to the parent undertaking;
    - (ii) replacing a liability (of any form) of the building society or the successor company with a liability or security (of any form or class) of the parent undertaking.
- (4) Section 15 (share transfer instruments) is to be read as if the provision referred to in subsection (1) of that section included the provision referred to in subsections (2) and (3) of this section.]

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### Textual Amendments

**F6** S. 84ZA inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **21(1)**

## [<sup>F7</sup>84A. Bail-in option: building societies

- (1) This section applies for the purpose of the exercise of the fourth stabilisation option (bail-in) in relation to a building society.
- (2) Subsection (2A) of section 12A (bail-in option) is to be read as if the provision referred to included provision under this section.
- (3) Subsection (1) of section 12AA (bail-in: sequence of write-down and conversion of capital instruments and liabilities) is to be read as if the powers referred to included the powers conferred by this section, sections 84B and 84C and the provisions modified by section 84D.
- (4) A resolution instrument with respect to a building society may make—
  - (a) provision of the kind mentioned in subsection (5);
  - (b) other provision for the purposes of, or in connection with, provision of the kind mentioned in subsection (5) made by that or another instrument.
- (5) A resolution instrument may—
  - (a) convert the building society into a company, or
  - (b) transfer all the property, rights and liabilities of the building society to a company.
- (6) In the following provisions of this section, “the successor company”, in relation to a building society, means the company into which the building society is converted, or to which the property, rights and liabilities of the building society are transferred, as a result of provision made under subsection (5).
- (7) The provision that may be made under subsection (4)(b) includes—
  - (a) provision cancelling shares in the building society;
  - (b) provision cancelling membership rights in the building society;
  - (c) provision converting shares in the building society into deposits with the successor company;
  - (d) provision conferring rights and imposing liabilities in place of cancelled shares and membership rights;
  - (e) provision requiring the FCA to cancel the building society’s registration under the Building Societies Act 1986 at a time specified in or determined in accordance with the instrument;
  - (f) provision that any person approved for the purposes of Part 5 of the Financial Services and Markets Act 2000 (performance of regulated activities) in relation to the building society immediately before the resolution instrument is made continues to be approved for those purposes in relation to the successor company (but without affecting the powers of the FCA or PRA to vary or withdraw an approval);
  - (g) provision which could be included in a property transfer instrument by virtue of—

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- (i) section 34(7) and (8) (property held on trust), or
  - (ii) section 36(1) to (5) (continuity).
- (8) The provision that may be made under subsection (4)(b) also includes—
- (a) in a case where the resolution instrument makes provision under subsection (5)(a), provision for the successor company on its incorporation to be wholly owned by a company specified in the instrument;
  - (b) in a case where the resolution instrument makes provision under subsection (5)(b) transferring the property, rights and liabilities of the building society to a company which is wholly owned by another company, provision relating to that other company;
  - (c) in either case, provision—
    - (i) for the transfer of liabilities from the successor company to the other company mentioned in paragraph (a) or (b) (“the parent undertaking”), and for the creation of corresponding liabilities of the successor company to the parent undertaking;
    - (ii) replacing a liability (of any form) of the building society or the successor company with a liability or security (of any form or class) of the parent undertaking.
- (9) A company may not be specified under subsection (8)(a) unless it is (or is to be) wholly owned by—
- (a) the Bank of England,
  - (b) a resolution administrator appointed under section 62B(1), or
  - (c) a person nominated by the Bank of England.
- (10) Where a resolution instrument makes provision under subsection (5), section 37 (licences) applies as if the references to a property transfer instrument were references to the resolution instrument.
- (11) A resolution instrument may provide for different provision made under this section by the instrument to take effect at different times.
- (12) In this section—
- “company” means a company as defined in section 1(1) of the Companies Act 2006 which is a public company limited by shares;
  - “deposit” has the meaning given by article 5(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544), but ignoring the exclusions in article 6.

#### Textual Amendments

**F7** Ss. 84A-84D inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(3)**

### 84B. Further provision: conversion of building society into company

- (1) This section applies where
- F8(a)** [ a share transfer instrument makes provision under section 84ZA(2)(a), or
  - (b)] a resolution instrument makes provision under section 84A(5)(a)

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- (2) The [F9]share transfer instrument or] resolution instrument must—
- (a) state the company’s proposed name;
  - (b) set out the terms of the memorandum of association of the company;
  - (c) set out the terms of the articles of association of the company (to the extent that these are not to be supplied by the default application of model articles: see section 20 of the Companies Act 2006);
  - (d) contain the statements and information required to be included in or to accompany an application for a certificate under section 761 of the Companies Act 2006 (public company: requirement as to minimum share capital).
- (3) The conversion into the successor company takes effect on the registration of the company under the Companies Act 2006.
- (4) The successor company is to be treated as the same person in law as the building society.
- (5) The documents required by section 9 of the Companies Act 2006 (registration documents) to be delivered to the registrar (within the meaning of that Act) include a copy of the [F10]share transfer instrument or] resolution instrument.
- (6) In section 13 of the Companies Act 2006 (statement of compliance) and section 14 of that Act (registration), the reference to the requirements of that Act is to be read as a reference to the requirements of that Act as modified by this section.
- (7) If the [F11]share transfer instrument or] resolution instrument complies with subsection (2)(d), an application for a trading certificate is to be taken to have been made in accordance with section 762 of the Companies Act 2006 (procedure for obtaining trading certificate).
- (8) In this section—
- “company” means a company as defined in section 1(1) of the Companies Act 2006 which is a public company limited by shares;
  - “the successor company”, in relation to a building society, means the company into which the building society is converted as a result of provision made under section [F12]84ZA(2)(a) or] 84A(5)(a).

#### Textual Amendments

- F7** Ss. 84A-84D inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(3)**
- F8** Words in s. 84B(1) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **21(2)(a)**
- F9** Words in s. 84B(2) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **21(2)(b)**
- F10** Words in s. 84B(5) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **21(2)(b)**
- F11** Words in s. 84B(7) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **21(2)(b)**
- F12** Words in s. 84B(8) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **21(2)(c)**

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#### 84C. Further provision: transfer of business of building society to company

- (1) A transfer under section 84A(5)(b) must be to a company which immediately before the transfer is wholly owned by—
  - (a) the Bank of England,
  - (b) a resolution administrator appointed under section 62B(1),
  - (c) a person nominated by the Bank of England, or
  - (d) a company which is itself wholly owned by a person within paragraphs (a) to (c).
- (2) Where a resolution instrument has made provision under section 84A(5)(b), the building society is dissolved at such time as may be specified in or determined in accordance with the instrument.
- (3) In this section, “company” means a company as defined in section 1(1) of the Companies Act 2006 which is a public company limited by shares.

#### Textual Amendments

- F7** Ss. 84A-84D inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, 2(3)

#### 84D. <sup>[F13]</sup>Transfer to a bridge bank or] Bail-in option: modifications of this Act and other legislation

- [ Where a share transfer instrument makes provision under section 84ZA(2) with respect <sup>F14</sup>(A1) to a building society, the second stabilisation option is to be exercised by making (in that or a subsequent share transfer instrument) provision under section 12(2)(a)—
- (a) with respect to the successor company, or
  - (b) where provision made under section 84ZA includes provision under subsection (3)(g) of that section, with respect to the successor company or its specified parent undertaking.]
- (1) Where a resolution instrument makes provision under section 84A(5) with respect to a building society, the exercise of the fourth stabilisation option involves the making (in that or a subsequent resolution instrument) of provision or proposals of any kind mentioned in section 12A(3) to (6)—
    - (a) with respect to the successor company, or
    - (b) where provision made under section 84A includes provision under subsection (8) of that section, with respect to the successor company or its specified parent undertaking.
  - (2) For the purpose of the making of <sup>[F15]</sup>provision as mentioned in subsection (A1)(a) or (b) or] provision or proposals as mentioned in subsection (1)(a) or (b)—
    - (a) the Table in section 84 does not apply, and
    - (b) the provisions in the first column of the following Table apply <sup>[F16]</sup>where relevant] —
      - (i) in relation to the successor company, or
      - (ii) in a case within subsection <sup>[F17]</sup>(A1)(b) or] (1)(b), in relation to the successor company or its specified parent undertaking,



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as they apply in relation to a bank, but subject to the modifications in the third column of the Table.

Table

<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 12A	Bail-in option	<p>Treat references in subsection (4) to securities issued by a specified bank as references to securities issued by the building society, or by the successor company or its specified parent undertaking.</p> <p>For subsection (8) substitute—</p> <p>“(8) Subsection (8ZA) applies where—</p> <ul style="list-style-type: none"> <li>(a) the Bank of England has exercised the power in subsection (4) to transfer securities to a resolution administrator; or</li> <li>(b) by virtue of section 84A, 84B or 84C securities of a successor company or a specified parent undertaking are held by—                             <ul style="list-style-type: none"> <li>(i) the resolution administrator,</li> <li>(ii) the Bank of England,</li> <li>(iii) a subscriber to the memorandum of association of a company into which the building society is converted in accordance with section 84B, or</li> <li>(iv) a person nominated for the purposes of section 84C(1)(c).</li> </ul> </li> </ul> <p>(8ZA) The Bank of England must exercise its functions under this Part (see, in particular, section 48V) with a view to ensuring that any securities—</p> <ul style="list-style-type: none"> <li>(a) held by a person in the capacity of a resolution administrator,</li> <li>(b) held by the Bank of England,</li> <li>(c) held by a person as a result of being a subscriber to the memorandum of association of a company into which the building society is converted in accordance with section 84B,</li> <li>(d) held by a person as a result of being nominated by the Bank of England for the purposes of section 84C(1)(c),</li> </ul> <p>are so held only for so long as is, in the Bank of England’s opinion, appropriate having regard to the special resolution objectives.”.</p>

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 12AA	Bail-in: sequence of write-down and conversion of capital instruments and liabilities	In relation to the result to be achieved, treat any reference to an instrument or liability of the bank as a reference to an instrument or liability of the building society immediately before the making of the first resolution instrument under section 84A in respect of it.
[ <sup>F18</sup> Section 15	Share transfer instruments	Treat references in subsection (1) to securities issued by a specified bank as references to securities issued by the building society, or by the successor company or its specified parent undertaking.]
Section 17	Effect of transfer	
Section 18	Continuity	
[ <sup>F19</sup> Section 19	Conversion and delisting	
Section 20	Directors and senior managers	Treat references to a director or senior manager of a specified bank as references to a director or senior manager of the building society or of the successor company or its specified parent undertaking. In subsection (1A) treat the reference to a specified bank as a reference to the building society or its successor company.
Section 21	Ancillary instruments: production, registration etc	
Section 21	Incidental provision	
Section 24	Procedure: instruments	On the first occasion on which the power to make a share transfer instrument is exercised in relation to a building society, treat the references in this section to a bank as a reference to a building society.
Section 26	Supplemental Instruments	Treat the reference in subsection (3) to securities issued by the bank as a reference to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 26ZA	Onward share transfer instruments	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 30	Resolution company: share transfers	
Section 31	Resolution company: reverse share transfer]	

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 41A, and any other provision so far as relating to property transfer instruments under section 41A(2)	Transfer of property subsequent to resolution instrument	
[ <sup>F20</sup> Section 44D and any other provision so far as relating to property transfer instruments under section 44D	Transfer of property subsequent to share transfer instrument	Section 44D also applies where the Bank of England has made a share transfer instrument in accordance with section 12(2) which provides for the conversion of the building society under section 84ZA(2).]
Section 48B	Special bail-in provision	The provision that may be made in accordance with section 48B(1)(b) (see also rule 3(a) and (b) of section 48B(5)) includes provision replacing a liability (of any form) of the building society or its successor company with a liability of the successor company’s specified parent undertaking.
Section 48C	Meaning of “protected deposit”	
Section 48D	General interpretation of section 48B	
Section 48E	Report on special bail-in provision	
Section 48F	Power to amend definition of “excluded liabilities”	
Section 48G	Priority between creditors	Treat the reference in subsection (1) to the treatment of liabilities on an insolvency as a reference to the treatment of liabilities on the insolvency of a building society.
Section 48H	Business reorganisation plans	Treat the reference in subsection (2)(a) to the bank as a reference to the building society.
Section 48L	Powers in relation to securities	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 48N	Directors and senior managers	Treat references to a director or senior manager of a specified bank as references to a director or senior manager of the building society or of the successor company or its specified parent undertaking.
Section 48O	Directions in or under resolution instrument	Treat references to a director of the bank as references to a director of the building society or of the successor company or its specified parent undertaking.
Section 48P	Orders for safeguarding certain financial arrangements	
Section 48Q	Continuity	
Section 48R	Execution and registration of instruments etc.	
Section 48S	Resolution instruments: general matters	
Section 48T	Resolution instruments: procedure	On the first occasion on which the power to make a resolution instrument is exercised in relation to a building society, treat the first reference in subsection (1) to a bank as a reference to the building society.
Section 48U	Supplemental resolution instruments	Treat the reference in subsection (1) to a bank as a reference to the building society.
Section 48V	Onward transfer	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 48W	Reverse transfer	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 48X	Replacement of Bank's provisional valuation	Treat the first reference in subsection (2)(a) to the bank as a reference to the building society.
Section 48Y	Consequences of a replacement valuation	Treat the first reference in subsection (1) to the bank as a reference to the building society.
Section 48Z	Termination rights etc.	This section applies to contracts and other agreements entered into by the building society or by the successor company or its specified parent undertaking.

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 49	Compensation orders	Treat references to transferors as including references to the shareholding members of the building society.
[ <sup>F21</sup> Section 52	Transfer to resolution company]	
Section 52A	Compensation orders: bail-in option	
Section 53	Onward and reverse transfers etc.	
Section 54	Independent valuer: compensation scheme order or bail-in compensation order	
Section 55	Independent valuer: supplemental	
Section 56	Independent valuer: money	
Section 57	Valuation principles	Treat the reference in subsection (4) to a bank as a reference to the building society. Treat the reference in subsection (5) to a transferor as including a reference to a shareholding member of the building society.
Section 58	Resolution fund	
Section 59	Third party compensation: discretionary provision	Treat the reference in subsection (1) to a transferor as including a reference to a shareholding member of the building society.
Section 60A	Further mandatory provision: bail-in provision	
Section 60B	Principle of no less favourable treatment	Treat references to pre-resolution shareholders and creditors of a bank as references to persons who were shareholding members of, or creditors of, the building society, immediately before the coming into effect of the first resolution instrument to be made in respect of the building society. Treat references to the bank as references to the building society.
Section 61	Sources of compensation	
Section 62	Procedure	

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 62A	Independent valuer: sections 6E and 48X	
Sections 62B to 62E	Resolution administrator	
Sections 63, 64 and 66 to 70 where they apply in relation to [F22a share transfer instrument or] a resolution instrument or in relation to a property transfer instrument under section 41A(2)	Continuity obligations	Treat references in sections 66(1A) and 68(1)(a) to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 70A	Suspension of obligations	
Section 70B	Restriction of security interests	
Section 70C	Suspension of termination rights	
Section 70D	Suspension: general provisions	
Section 71	Pensions	This section applies in relation to a pension scheme of the building society or of the successor company.
Section 73	Disputes	
Section 74	Tax	This section enables regulations to make provision in relation to the building society, the successor company or its specified parent undertaking.
Section 75	Power to change law	Treat the reference in subsection (5)(b) to building societies as including a reference to successor companies and their specified parent undertakings.
[F23Section 78	Public funds: general]	
Section 78A	Pre-conditions for financial assistance: duty of Bank to give information	

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Section	Topic	Modification
[ <sup>F24</sup> Section 79	Public funds: resolution company	Treat the reference in subsection (1) to a bank as a reference to a building society or its successor company.
Section 80	Resolution company: report	Treat the reference in subsection (1) to a bank as a reference to a building society or its successor company.]
Section 80A	Transfer for bail-in purposes: report	Treat the reference in subsection (1) to a bank as a reference to the building society.
Section 81A	Accounting information to be included in reports under sections 80, 80A(2)(b) and 81	
Sections 83ZA to 83Z2	Information, investigation and enforcement	
Section 89K	Insolvency proceedings	Treat the references in paragraphs (a) and (b) of subsection (1) to a relevant firm as references to the building society.
Section 89L	Restrictions on disclosure of confidential information	
Section 89M	Giving of notices, documents etc. under Part 1	

(3) Any statutory instrument made under a provision specified in the first column of the Table in subsection (2) applies—

- (a) to the successor company, or
- (b) in a case within subsection [<sup>F25</sup>(A1)(b) or] (1)(b), to the successor company or the specified parent undertaking,

as it applies in relation to a bank, but subject to modifications corresponding to those applying to the provision under which it is made and as if references to a provision modified by subsection (2) or (5) were references to that provision as so modified.

(4) Subsection (3) does not apply where the instrument—

- (a) states that it does not apply, or
- (b) makes express provision about building societies or their successor companies.

(5) Where a resolution instrument makes provision under section 84A in respect of a building society—

- (a) section 81BA (groups: bail-in option) applies with the following modifications—
  - (i) references to a banking group company are to be read as references to a subsidiary of the building society, and

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- (ii) the power in subsection (1) of that section is to be exercised only where the Bank of England has exercised the stabilisation power in accordance with section 12A(2) in respect of the parent building society;
  - (b) section 81CA applies as if references to a banking group company were references to a subsidiary of the building society or of the successor company; and
  - (c) section 81D (interpretation: “banking group company”) does not apply.
- [ Where—
- <sup>F26</sup>(5A) (a) the third stabilisation option is exercised in connection with the fourth stabilisation option in respect of a building society, and
- (b) before the third stabilisation option is exercised—
- (i) the building society is converted into a company pursuant to section 84A(5)(a), or
  - (ii) all the property, rights and liabilities of the building society are transferred to a company pursuant to section 84A(5)(b),
- the references to the bank in section 12ZA(1)(a) and any other provision so far as relating to property transfer instruments under section 12ZA include a reference to the successor company.]
- (6) Sections 97 to 102D of the Building Societies Act 1986 (transfer of business of building society to commercial company) do not apply where
- [ <sup>F27</sup>(a) a share transfer instrument makes provision under section 84ZA, or
  - (b)] a resolution instrument makes provision under section 84A.
- (7) Section 103 of the Building Societies Act 1986 (cancellation of registration) does not apply where
- [ <sup>F28</sup>(a) a share transfer instrument makes provision under section 84ZA(3)(e), or
  - (b)] a resolution instrument makes provision under section 84A(7)(e).
- (8) In this section—
- “company” means a company as defined in section 1(1) of the Companies Act 2006 which is a public company limited by shares;
- “specified parent undertaking” means a company by which in accordance with provision falling within [<sup>F29</sup>paragraph (g) of section 84ZA(3) or] paragraph (a) or (b) of section 84A(8) the successor company is (or is to be) wholly owned;
- “the successor company”, in relation to a building society, means the company into which the building society is converted, or to which the property, rights and liabilities of the building society are transferred, as a result of provision made under section [<sup>F30</sup>84ZA(2) or] 84A(5).]

#### Textual Amendments

**F7** Ss. 84A-84D inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(3)**

**F13** Words in s. 84D heading inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(10)**



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- F14** S. 84D(A1) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(2)**
- F15** Words in s. 84D(2) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(3)(a)**
- F16** Words in s. 84D(2)(b) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(3)(b)(i)**
- F17** Words in s. 84D(2)(b)(ii) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(3)(b)(ii)**
- F18** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(a)**
- F19** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(b)**
- F20** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(c)**
- F21** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(d)**
- F22** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(e)**
- F23** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(f)**
- F24** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(g)**
- F25** Word in s. 84D(3)(b) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(5)**
- F26** S. 84D(5A) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(6)**
- F27** Words in s. 84D(6) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(7)**
- F28** Words in s. 84D(7) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(8)**
- F29** Words in s. 84D(8) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(9)(a)**
- F30** Words in s. 84D(8) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(9)(b)**

## 85 Temporary public ownership

- (1) For the purpose of exercising the <sup>F31</sup> fifth] stabilisation option in respect of a building society the Treasury may make one or more orders for the purposes of—
  - (a) arranging for deferred shares of a building society to be publicly owned,
  - (b) cancelling private membership rights in the building society,
  - (c) allowing the building society to continue in business while in public ownership, and
  - (d) eventually either winding up or dissolving the building society.
- (2) For the purpose specified in subsection (1)(a) an order may—
  - (a) arrange for the transfer of existing deferred shares;
  - (b) provide for new deferred shares.
- (3) For the purpose of arranging for the transfer of existing deferred shares an order may—
  - (a) provide for deferred shares to be transferred;

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- (b) make other provision for the purposes of, or in connection with, the transfer of deferred shares (whether or not the transfer has been or is to be effected by the order, by another order under this section or otherwise);
  - (c) relate to all or any specified class or description of deferred shares issued by the building society.
- (4) For the purpose of providing for new deferred shares an order may—
- (a) issue or allow the Treasury to issue new deferred shares on behalf of the building society;
  - (b) specify or allow the Treasury to specify the terms and effect of new deferred shares;
  - (c) specify or allow the Treasury to specify the recipient of new deferred shares.
- (5) For the purpose specified in subsection (1)(b) an order may—
- (a) cancel or permit the cancellation of shares (whether or not deferred) in the building society;
  - (b) confer rights and impose liabilities, or allow them to be conferred and imposed, in place of cancelled shares;
  - (c) prevent the issue or acquisition of shares in or other rights in respect of the building society otherwise than in accordance with the order.
- (6) For the purpose specified in subsection (1)(c) an order may make any provision which the Treasury think desirable to facilitate the business of the building society after the making of provision in accordance with subsections (3) to (5).
- (7) An order in respect of a building society may—
- (a) make provision expressly or impliedly disapplying or modifying the memorandum or rules of the building society;
  - (b) disapply or modify an enactment about, or in its application to, building societies.
- (8) The following sections apply to orders under this section as to share transfer orders: sections 17, 18, 20, 21, <sup>F32</sup>... , 23, 25<sup>F33</sup>, 48Z], 71, [<sup>F34</sup>73 and 83Z2].

#### Textual Amendments

- F31** Word in s. 85(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(3)**
- F32** Word in s. 85(8) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(4)(a)**
- F33** Word in s. 85(8) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(4)(b)**
- F34** Words in s. 85(8) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(4)(c)**

#### Commencement Information

- I2** S. 85 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I3** S. 85 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

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## 86 Distribution of assets on dissolution or winding up

- (1) The Treasury may by order make provision about the distribution of surplus assets of a building society which—
  - (a) is the subject of a property transfer instrument or order, and
  - (b) is later wound up or dissolved by consent.
- (2) An order under section 85 may include provision about the distribution of surplus assets of the building society if it is later wound up or dissolved by consent.
- (3) “Surplus” means remaining after the satisfaction of liabilities to creditors and shareholders.
- (4) An order under or by virtue of this section—
  - (a) may include any provision of a kind that may be made by order under section 90B of the Building Societies Act 1986 (power to alter priorities on dissolution or winding up),
  - (b) may be made whether or not the power under that section has been exercised, and
  - (c) shall be treated for all procedural purposes in the same way as an order under that section.

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### Commencement Information

- I4** S. 86 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I5** S. 86 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

## 87 Interpretation

- (1) Expressions used in this group of sections and in the Building Societies Act 1986 have the same meaning in this group of sections as in that Act.
- (2) An order under section 119(1) of that Act defining “deferred shares”—
  - (a) may make special provision for the meaning of that expression in the application of this group of sections, and
  - (b) shall otherwise apply to this group of sections as to that Act.

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### Commencement Information

- I6** S. 87 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I7** S. 87 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

## 88 Consequential provision

- (1) The Treasury may by order make provision, in addition to the provisions of this group of sections, in consequence of the application of this Part to building societies.
- (2) An order may, in particular, amend or modify the effect of an enactment (including a fiscal enactment) passed before the commencement of this Part.
- (3) An order—
  - (a) shall be made by statutory instrument, and

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- (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

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**Commencement Information**

- I8** S. 88 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1  
**I9** S. 88 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

## 89 Credit unions

- (1) The Treasury may by order provide for the application of this Part to credit unions (within the meaning of section 31 of the Credit Unions Act 1979) subject to modifications set out in the order.
- (2) An order may disapply, modify or apply (with or without modifications) any enactment which relates, or in so far as it relates, to credit unions.
- (3) An order—
- shall be made by statutory instrument, and
  - may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.
- (4) Provision made under or by virtue of this Part may make special provision in relation to the application of this Part to credit unions.
- (5) In the application of this section to Northern Ireland the reference to section 31 of the Credit Unions Act 1979 is to be treated as a reference to Article 2 of the Credit Unions (Northern Ireland) Order 1985.

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**Commencement Information**

- I10** S. 89 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1  
**I11** S. 89 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

**Changes to legislation:**

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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. 4(8A)(8B) inserted by [2012 c. 21 s. 96\(3\)](#)
- s. 8(2)(d) and word inserted by [2012 c. 21 s. 96\(4\)\(b\)](#)