

1988 No. 1142

BUILDING SOCIETIES

**The Building Societies (Limits on Commercial Assets)
Order 1988**

Made - - - - - *30th June 1988*

Coming into force *1st January 1990*

The Treasury, in exercise of the powers conferred on them by section 20(4) and (5) of the Building Societies Act 1986(a) hereby make the following Order, a draft of which has been laid before and approved by resolution of each House of Parliament:

Citation and commencement

1. This Order may be cited as the Building Societies (Limits on Commercial Assets) Order 1988 and shall come into force on 1st January 1990.

Specification of limits for the purposes of section 20(2) and (3) of the Building Societies Act 1986

2.—(1) In section 20 (commercial asset structure requirements for building societies) of the Building Societies Act 1986 –

- (a) subsection (2) shall have effect during the currency of this Order as if for the percentage specified therein there were substituted –
 - (i) during the first transitional period, 17½ per cent,
 - (ii) during the second transitional period, 20 per cent, and
 - (iii) after the end of the second transitional period, 25 per cent, and
- (b) subsection (3) shall have effect during the currency of this Order as if for the percentage specified therein there were substituted –
 - (i) during the first transitional period, 7½ per cent,
 - (ii) during the second transitional period, 10 per cent, and
 - (iii) after the end of the second transitional period, 15 per cent.

(2) In this article –

- (a) “the first transitional period” means the period beginning on the day on which this Order comes into force and ending on 31st December 1990; and
- (b) “the second transitional period” means the period beginning on 1st January 1991 and ending on 31st December 1992.

David Lightbown
Mark Lennox-Boyd
Two of the Lords Commissioners
of Her Majesty's Treasury

30th June 1988

EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases, in three stages, the percentage limit on commercial assets in classes 2 and 3 which a building society may hold. Commercial assets means, in relation to building societies, assets classified as class 1, 2 or 3. Class 1 assets are advances secured on residential property, class 2 assets are generally advances secured on other land, and class 3 assets generally comprise loans, residential land and interests in bodies corporate.

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