
STATUTORY INSTRUMENTS

1994 No. 750

BUILDING SOCIETIES

The Building Societies (Designated Capital Resources) (Amendment) Order 1994

<i>Made</i>	- - - -	<i>11th March 1994</i>
<i>Laid before Parliament</i>		<i>18th March 1994</i>
<i>Coming into force</i>	- -	<i>15th April 1994</i>

The Building Societies Commission, with the consent of the Treasury, in exercise of the powers conferred on it by section 45(5) of the Building Societies Act 1986⁽¹⁾ hereby makes the following Order:—

Title and commencement

1. This Order may be cited as the Building Societies (Designated Capital Resources) (Amendment) Order 1994 and shall come into force on 15th April 1994.

Amendment of previous Order

2. The Building Societies (Designated Capital Resources) Order 1992⁽²⁾ shall have effect subject to the following amendments—

- (a) in Article 2 (interpretation) there shall be inserted at the end the following definition—
““undated loan capital” has the meaning ascribed to it in the Building Societies (Undated Subordinated Debt) Order 1994⁽³⁾.” and
- (b) in Article 7 (limit on aggregation) after “revaluation reserve” in both places where that term appears, there shall be inserted the words “undated loan capital”.

(1) 1986 c. 53.
(2) S.I.1992/1611.
(3) S.I. 1994/749.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

In witness whereof the common seal of the Building Societies Commission is hereunto fixed, and is authenticated by me, a person authorised under paragraph 14 of Schedule 1 to the Building Societies Act 1986, on 7th March 1994.

L.S.

7th March 1994

J. Dennis
Secretary to the Commission

We consent to this Order

11th March 1994

T. Kirkhope
I. Patnick
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Building Societies (Designated Capital Resources) Order 1992 (the Principal Order) which specifies that various resources of a building society may be treated as capital resources aggregable with reserves for the purpose of the first criterion of prudent management (maintenance of adequate reserves and other designated capital resources) under section 45(3) of the Building Societies Act 1986.

The Principal Order limits the extent to which those resources can be aggregated, so as not to exceed the sum of the society's primary capital as therein defined.

This Order adds undated loan capital, as defined by the Building Societies (Undated Subordinated Debt) Order 1994 ("the Undated Subordinated Debt Order") to the categories of capital resources set out in article 7 (Limit on Aggregation) of the Principal Order. It thus gives effect in relation to such capital of building societies of the limitation contained in a provision of the European Communities Council Directive on the own funds of credit institutions ([89/299/EEC](#))(OJ No L124, 5.5.89, p.16) specifying the forms of capital which may be taken into account when calculating for solvency and prudential purposes the own funds of a credit institution and imposing a limit on the extent to which capital other than primary capital may be counted as own funds.

This Order, with the Subordinated Debt Order, enables societies to count as capital the proceeds of issue a new category of subordinated debt but does not impose any new burden on business and no compliance cost assessment has been prepared.