
STATUTORY INSTRUMENTS

1995 No. 3064

BUILDING SOCIETIES

**The Building Societies (Liquid Asset)
(Amendment) (No. 2) Regulations 1995**

<i>Made</i>	- - - -	<i>4th December 1995</i>
<i>Laid before Parliament</i>		<i>7th December 1995</i>
<i>Coming into force</i>	- -	<i>1st January 1996</i>

The Building Societies Commission, with the consent of the Treasury, in exercise of the power conferred on it by section 21 (7) of the Building Societies Act 1986⁽¹⁾, hereby makes the following Regulations:

Citation and Commencement

1. These Regulations may be cited as the Building Societies (Liquid Asset) (Amendment) (No. 2) Regulations 1995 and shall come into force on 1st January 1996.

Interpretation

2. In these Regulations—

“the Act” means the Building Societies Act 1986;

“liquid asset” means an asset of a character which societies may hold under section 21 (liquid assets) of the Act for the purpose of meeting their liabilities as they arise;

“predecessor” means, in relation to an existing society —

(a) a society which has transferred its engagements to that existing society, or

(b) a society which has amalgamated with one or more societies under section 93 (amalgamations) of the Act so as to establish that existing society as their successor; and

“society” means a building society.

Amendment of principal Regulations

3. The Schedule to the Building Societies (Liquid Asset) Regulations 1991⁽²⁾ shall be amended—

(1) 1986 c. 53.

(2) S.I. 1991/2580, amended by S.I. 1992/2930 and S.I. 1995/550.

- (a) by the substitution of the following for paragraph 8 of Part I—

“8. Stock lending rights arising from the lending of securities issued in the United Kingdom by Her Majesty’s Government.”;
- (b) by the addition after paragraph 9 of Part I of the following additional paragraph—

“10. Rights arising from the lending under the rules of any depository or clearing agent of any securities which come within paragraph 3, 4 or 7 above and which are recorded in the records of the depository or clearing agent in the name of the society or of any person who holds such securities on the society’s behalf.”; and
- (c) by the addition in Part III after the definition of “Stock Exchange money broker” of the following additional definition—

““stock lending right” means a right of a person who has transferred a security to another person to receive, or to call for the transfer to some other person of, a security of the same issue and amount as the security so transferred.”.

Transitional provision

- 4.—(1) This regulation applies to assets of a society which—
 - (a) were previously liquid assets but have ceased to be so on the coming into force of these Regulations, and
 - (b) have been held by the society continuously since a date before the date on which they ceased to be liquid assets.
- (2) A society which holds assets to which this regulation applies shall not lose its power to continue to hold those assets.
- (3) In this regulation a society is treated as including any predecessor of the society.

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

L.S.

27th November 1995.

J. Dennis
Secretary to the Commission

We consent to these Regulations.

4th December 1995

S. Burns
D. Conway
Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Building Societies (Liquid Asset) Regulations 1991 (the “1991 Regulations”). Part I of the Schedule to the 1991 Regulations sets out the descriptions of assets (“liquid assets”) which a building society may hold for the purposes of meeting its liabilities as they arise. First, these Regulations substitute for the existing paragraph 8 of Part I of the Schedule to the 1991 Regulations a revised description, namely, stock lending rights arising from the lending of securities issued in the United Kingdom by Her Majesty’s Government. This revised description means that building societies may now hold, as liquid assets, rights arising from lending by them of gilt-edged stock to any counterparty, whereas previously the stock had to be lent to a Stock Exchange money broker. As before, however, to qualify as a liquid asset the stock lending right must be secured by the transfer to the society of certain other liquid assets (as specified in paragraph 1 of Part II of the Schedule to the 1991 Regulations). Secondly, these Regulations add a new description of liquid assets, namely, rights arising from the lending under the rules of any depository or clearing agent of any securities which come within paragraph 3, 4 or 7 of Part I of the Schedule and which are recorded in the records of the depository or clearing agent in the name of the society or of any person who holds such securities on the society’s behalf.

A compliance cost assessment of the effect that this instrument would have on the cost of business is available from the Secretary, Building Societies Commission, 15 Great Marlborough Street, London W1V 2LL.