
STATUTORY INSTRUMENTS

1995 No. 3233

DEREGULATION

The Deregulation (Building Societies) Order 1995

Made - - - - 11th December 1995

Coming into force

article 5 11th June 1996

remainder 11th January 1996

Whereas:

- (a) the Treasury are of the opinion that certain provisions of the Buildings Societies Act 1986(1) impose burdens affecting building societies in the carrying on of business and that by amending or repealing the provisions concerned and by making certain other provision it is possible to remove or reduce the burdens, without removing any necessary protection;
- (b) the Treasury have consulted such organisations as appear to them to be representative of interests substantially affected by their proposals and such other persons as they considered appropriate;
- (c) it appears to the Treasury that it is appropriate, following that consultation, to proceed with the making of this Order;
- (d) a document setting out the Treasury's proposals has been laid before Parliament in accordance with section 3 of the Deregulation and Contracting Out Act 1994(2) and the period for Parliamentary consideration under section 4 of that Act has expired;
- (e) the Treasury have had regard to the representations made during that period;
- (f) a draft of this Order has been laid before Parliament with a statement giving details of such representations and the change to the Treasury's proposals in the light of those representations; and
- (g) a draft of this Order has been approved by resolution of each House of Parliament.

Now, therefore, the Treasury, in exercise of the power conferred on them by section 1 of the 1994 Act, hereby make the following Order:

(1) 1986 c. 53.
(2) 1994 c. 40.

Title and commencement

1. This Order may be cited as the Deregulation (Building Societies) Order 1995 and shall come into force one month after the day on which it is made except for article 5 which shall come into force six months after that day.

Interpretation

2. In this Order “the 1986 Act” means the Building Societies Act 1986.

Power of building societies to hold land overseas

3. In section 6(4) of the 1986 Act (power of a building society to hold land etc. overseas for purposes of its business) for the words “subsections (1) and (2)” there shall be substituted the words “subsections (1), (2) and (3)”.

Limit on non-retail funds and borrowing

4.—(1) In section 7(3) of the 1986 Act⁽³⁾ (limit on non-retail funds and borrowing) for the words “subsection (14)” there shall be substituted the words “subsections (13A) and (14)” and for the words “the prescribed percentage” there shall be substituted the words “50 per cent.”.

(2) After section 7(13) of the 1986 Act there shall be inserted the following subsection—

“(13A) In making any calculation for the purposes of subsection (3) above, there shall be disregarded any liability in respect of anything which, in accordance with any order made under section 45(5), is to be aggregated with reserves for the purpose of the first criterion in section 45(3)(4).”.

(3) Section 7(15) of the 1986 Act (prescribed percentage limit) and the word “(15)” in section 7(17) of that Act are hereby repealed.

Obligation to meet liabilities of associated bodies

5.—(1) Section 22 of the 1986 Act (obligation to meet liabilities of associated bodies) is hereby repealed.

(2) Notwithstanding its repeal by paragraph (1) above, section 22 of the 1986 Act shall continue to have effect in relation to any liability which—

- (a) is incurred before the day on which this article comes into force, or
- (b) arises out of an obligation entered into before that day, or
- (c) in the case of a liability in tort or delict, is referable to an act or omission occurring before that day.

Auditors' reports

6. In section 78(2) (auditors' report at annual general meeting)—

- (a) the words “be read before the building society at the annual general meeting and shall” are hereby repealed, and
- (b) after “be open to inspection by any member” there shall be inserted “at the annual general meeting of the building society”.

(3) Section 7 was amended by S.I.s 1987/378 and 1670 and 1990/2363.

(4) Section 45(3) was amended by S.I.1992/3218.

Notification of sale of mortgaged property

7. After paragraph 1(1) of Schedule 4 to the 1986 Act there shall be inserted—

“(1A) Sub-paragraph (1)(b) above shall not apply where the person selling the land has reasonable cause to believe that communications sent to the mortgagor at his last-known address are unlikely to be received by him.”.

11th December 1995

Derek Conway
Simon Burns
Two of the Lords Commissioners of Her
Majesty’s Treasury

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

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Building Societies Act 1986. First, it amends section 6 of the Act to allow building societies to acquire and hold premises overseas for the purposes of the business of a subsidiary or other associated body.

Secondly, it amends section 7 of the Act by raising the maximum percentage limit on a society's non-retail funds and deposits to 50% of the society's share and deposit liabilities. It also amends the section so as to exclude liabilities in respect of capital resources that may be aggregated with reserves for capital adequacy purposes (which currently include certain kinds of deferred shares and subordinated debt) from the calculation of the limit.

Thirdly, it repeals section 22 of the Act, which obliges societies to meet the liabilities of certain associated bodies, subject to a saving in respect of liabilities incurred, or wrongs committed, before the Order comes into force, or arising out of obligations entered into before then.

Fourthly, it repeals the requirement in section 78(2) of the Act that the auditors' report be read to the annual general meeting of a building society.

Fifthly, it amends paragraph 1 of Schedule 4 to the Act (which relates to the sale of mortgaged property) to remove the requirement to notify the mortgagor of the sale of mortgaged land, where the person selling the land has reasonable cause to believe that a notice sent to the mortgagor's last known address will not be received by him.