
STATUTORY INSTRUMENTS

2004 No. 3200

The Building Societies Act 1986 (Modification of the Lending Limit and Funding Limit Calculations) Order 2004

Interpretation

2.—(1) In this Order —

“the 1986 Act” means the Building Societies Act 1986;

[^{F1}“credit institution” means an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account;]

“debt securities” means any instrument creating or acknowledging indebtedness which is issued by an undertaking, including debentures, loan stock, bonds and certificates of deposit;

“securitised assets” means loan assets which are used by the special purpose entity as security under a loan agreement or as security in respect of an issue of debt securities;

“special purpose entity” means an undertaking established by or at the request of a building society for the purpose of purchasing loan assets from the society, its subsidiary undertakings or other undertakings and funding such purchases by using the assets purchased as security.

(2) In this Order “net securitised asset amount” means—

(a) the gross amount of the relevant assets of the special purpose entity, as specified in paragraph (b), minus the amount of non-returnable proceeds raised by that entity pursuant to a securitisation transaction;

(b) the relevant assets of the special purpose entity are—

(i) those assets of the special purpose entity which are recognised as assets in the society’s accounts; and

(ii) those assets of the special purpose entity which are recognised for accounting purposes as assets of the society or a subsidiary or associated undertaking of the society and which do not appear in the accounts of the special purpose entity.

(3) In this Order “non-returnable proceeds” means—

$$A - (B - C)$$

where—

a A is the total amount of any finance raised by, or funds available to, a special purpose entity;

b B is the amount of the maximum payments or funds that the society or its subsidiary or associated undertakings are required to make, or make available to the special purpose entity or to any creditors of the special purpose entity, pursuant to the terms of a securitisation transaction;

c C is the amount of any payments which the society or its subsidiary or associated undertakings are required to make to the special purpose entity under the terms of the securitisation transaction where the society or its subsidiary or associated undertakings are in breach of a warranty given to the special purpose entity in respect of a securitised asset.

Changes to legislation: There are currently no known outstanding effects for the *The Building Societies Act 1986 (Modification of the Lending Limit and Funding Limit Calculations) Order 2004, Section 2. (See end of Document for details)*

F1 Words in [art. 2\(1\)](#) substituted (31.12.2020) by [The Financial Services \(Miscellaneous\) \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/710\)](#), regs. 1(3), **8**; 2020 c. 1, Sch. 5 para. 1(1)

Commencement Information

II Art. 2 in force at 1.1.2005, see [art. 1\(2\)](#)

Changes to legislation:

There are currently no known outstanding effects for the The Building Societies Act 1986 (Modification of the Lending Limit and Funding Limit Calculations) Order 2004, Section 2.