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STATUTORY INSTRUMENTS

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**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;

“credit institution” means a credit institution as defined in the first sub-paragraph of article 1(1) of Directive [2000/12/EC](#) of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions as amended<sup>(1)</sup>;

“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;

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(1) OJ L 126, 26/05/2000, pp. 1 – 59 as amended in particular by Directives [2000/28/EC](#) and [2002/87/EC](#) (OJ L275, 27/10/2000, pp. 37 – 38 and OJ L35, 11.02/2003 pp. 1 – 27).

- 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.