
STATUTORY INSTRUMENTS

2004 No. 3200

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

Securitised assets of a subsidiary undertaking and the lending limit

3.—(1) Section 6(2)(1) of the 1986 Act is modified in its application to assets of subsidiary undertakings of a building society as follows.

(2) Assets of a subsidiary undertaking are to be disregarded for the purposes of section 6(2), save to the extent of the net securitised asset amount relating to such assets, where the conditions set out in paragraphs (3) to (5) are fulfilled.

(3) The assets of the subsidiary undertaking must be subject to a securitisation transaction.

(4) Those assets must be loans.

(5) The terms of the securitisation transaction must be such that—

(a) a special purpose entity has acquired legal or equitable rights in relation to the securitised assets in return for a cash payment which has been raised by—

(i) issuing debt securities on the security of those assets; or

(ii) obtaining a loan from a credit institution secured on those assets;

(b) the purchasers of the debt securities or the credit institution or institutions providing the loan, as the case may be, have no rights in relation to any of the society's or any of its subsidiary or associated undertakings' assets, except the assets of the special purpose entity; and

(c) the society and its subsidiary or associated undertakings, other than any special purpose entity, have no rights or obligations to acquire or re-acquire any of the securitised assets in the future except—

(i) a right or obligation of the society or its subsidiary or associated undertakings to acquire or re-acquire a securitised asset in respect of which there is a breach of a warranty given to the special purpose entity; and

(ii) a right or obligation of the society or its subsidiary or associated undertakings to acquire or re-acquire the remaining securitised assets once their value has decreased to 10% of their value when the securitisation transaction was entered into, or such lower percentage as may be specified in the transaction agreement.

Commencement Information

II Art. 3 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 3.