

**EXPLANATORY MEMORANDUM TO**  
**THE BUILDING SOCIETIES (ACCOUNTS AND RELATED PROVISIONS)**  
**(AMENDMENT) REGULATIONS 2014**

**2014 No. 48**

- 1.** This explanatory memorandum has been prepared by Her Majesty's Treasury and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Purpose of the instrument**

- 2.1 These Regulations will amend the Building Societies (Accounts and Related Provisions) Regulations 1998 (S.I. 1998/504) to remove the requirement on a building society to include in its annual business statement certain information relating to officers who are not directors, for example the requirement to disclose, in respect of each officer, the name, business occupation and the bodies of which the officer is a director.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

- 3.1 None.

**4. Legislative Context**

- 4.1 These Regulations are made under section 74(1), (2), (3) and (4) of the Building Societies Act 1986 (the "1986 Act").
- 4.2 These Regulations will amend the Building Societies (Accounts and Related Provisions) Regulations 1998, which prescribe (among other things) the information to be included in a building society's annual business statement.
- 4.3 The amendments made by these Regulations to the Building Societies (Accounts and Related Provisions) Regulations 1998 are necessary because of amendments made to the 1986 Act by the Financial Services (Banking Reform) Act 2013. Paragraph 5 of Schedule 9 to that Act amends section 74 of the 1986 Act, which requires directors of a building society to prepare an annual business statement for each financial year of the society. The amendment to section 74 will remove the ability for regulations under that section to require the annual business statement to include information about officers and past officers and persons connected to them and their financial interests.

- 4.4 It is necessary therefore to remove from the Building Societies (Accounts and Related Provisions) Regulations 1998 the requirement on a building society to include in its annual business statement certain information relating to officers who are not directors, for example the requirement to disclose, in respect of each officer, the name, business occupation and the bodies of which the officer is a director.

## **5. Territorial Extent and Application**

- 5.1 This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- What is being done and why

- 7.1 These Regulations will amend the Building Societies (Accounts and Related Provisions) Regulations 1998 to remove the requirement on a building society to include in its annual business statement certain information relating to officers who are not directors, for example the requirement to disclose, in respect of each officer, the name, business occupation and the bodies of which the officer is a director.

- 7.2 The amendment will remove a disclosure requirement which is time-consuming and far more detailed than is necessary. Banks do not have to disclose the same information about officers who are not directors, and the Government believes that it is fair and appropriate that building societies also do not face these requirements. This will help to create more of a level playing field between bank and building society legislation.

- Consolidation

- 7.3 The Regulations amend the Building Societies (Accounts and Related Provisions) Regulations 1998. There are no current plans to consolidate those Regulations.

## **8. Consultation outcome**

- 8.1 In response to the Government consultation, *'The future of building societies'*, published in July 2012, the building society sector asked that the Government remove the requirements on a building society to include information relating to each officer (who is not a director) of the society in its annual business statements.

## **9. Guidance**

- 9.1 The Treasury is not intending to issue any guidance in connection with these Regulations.

## **10. Impact**

- 10.1 The impact on business, charities or voluntary bodies is nil. The Regulations impact the regulation of UK building societies only, of which there are 45. They will benefit from a minor saving in staff costs, as a result of no longer having to comply with a requirement to disclose information in their annual business statement relating to officers who are not directors.
- 10.2 The impact on the public sector is nil.
- 10.3 The Treasury submitted a Regulatory Triage Assessment (RTA) to the Regulatory Policy Committee in June 2013. The RTA considered the likely impact of several amendments to the Building Society Act 1986, including the removal of the requirements on a building society to include information relating to each officer (who is not a director) of the society in its annual business statements. The Treasury concluded that the measure did not create any additional costs for business.

## **11. Regulating small business**

- 11.1 The legislation does not apply to small business. It impacts the regulation of UK building societies only.

## **12. Monitoring & review**

- 12.1 The Treasury does not expect to formally review the amendment. However, the Treasury monitors the appropriateness of all building society legislation on an ongoing basis.

## **13. Contact**

Robert Mills at HM Treasury (Tel: 020 72705173 or email: [robert.mills@hmtreasury.gsi.gov.uk](mailto:robert.mills@hmtreasury.gsi.gov.uk)) can answer any queries regarding the instrument.