

SCHEDULE 1

Amendments to primary legislation

PART 1

Amendments to the Building Societies Act 1986

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3. In Schedule 11 (auditors: appointment, tenure)(1), after paragraph 3D insert—

“**3DA.**—(1) If—

- (a) a building society appoints, or purports to appoint, an auditor or auditors, and
- (b) the appointment or purported appointment is made in breach of paragraph 3B, 3C or 3D (requirements applying to appointment of auditors),

the appropriate authority may appoint another auditor or auditors in place of the auditor or auditors referred to in paragraph (a).

(2) The breach of paragraph 3B, 3C or 3D does not invalidate any report made under this Part by the auditor or auditors on the building society’s annual reports or accounts before the auditor or auditors are replaced under sub-paragraph (1) of this paragraph.

(3) But where the breach in question is a breach of paragraph 3D, sections 1248 and 1249 of the Companies Act 2006 (Secretary of State’s power to require second audit for companies)(2) apply as if—

- (a) the building society were a company;
- (b) references to the Secretary of State were to the appropriate audit authority;
- (c) references to the registrar of companies were to the FCA and, if the society is a PRA-authorized person, to the PRA;
- (d) the auditor was not an appropriate person, or the auditors were not appropriate persons, for the period during which the audit was conducted;
- (e) section 1248(9) was omitted.

(4) Within one week of becoming aware of the breach of paragraph 3B, 3C or 3D, the building society must give notice to the appropriate authority that the power under sub-paragraph (1) of this paragraph has become exercisable.

(5) If the building society fails to give the notice required by sub-paragraph (4), the society shall be liable on summary conviction—

- (a) to a fine not exceeding level 3 on the standard scale; and
- (b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues;

and so shall any officer who is also guilty of the offence.”.

(1) Relevant amending instruments are [S.I. 2008/519](#), [2013/496](#), [2016/649](#) and [2017/516](#).

(2) [2006 c. 46](#). Section 1248 was amended by [S.I. 2015/664](#).