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DRAFT STATUTORY INSTRUMENTS

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**2016 No.**

**The Bank Recovery and Resolution Order 2016**

**PART 2**

**Amendments of the Banking Act 2009 and related provision**

**CHAPTER 1**

**Amendments of the Banking Act 2009**

**Building societies: Bridge bank option**

**21.**—(1) After section 84 (application of Part 1 to building societies: general), insert—

**“Bridge bank: share transfer instruments**

**84ZA.**—(1) This section applies for the purpose of the exercise of the second stabilisation option (transfer to a bridge bank) in relation to a building society.

(2) A share transfer instrument made under section 12(2)(a) may—

- (a) convert the building society into a company (“the successor company”), and
- (b) make other provision for the purposes of, or in connection with the conversion of the building society.

(3) The provision which may be made under subsection (2)(b) includes—

- (a) provision cancelling shares in the building society;
- (b) provision cancelling membership rights in the building society;
- (c) provision converting shares in the building society into deposits with the successor company;
- (d) provision conferring rights and imposing liabilities in place of cancelled shares and membership rights;
- (e) provision requiring the FCA to cancel the building society’s registration under the Building Societies Act 1986 at a time specified in or determined in accordance with the instrument;
- (f) provision that any person approved for the purposes of Part 5 of the Financial Services and Markets Act 2000 (performance of regulated activities) in relation to the building society immediately before the share transfer instrument is made continues to be approved for those purposes in relation to the successor company (but without affecting the power of the FCA or the PRA to vary or withdraw an approval);
- (g) provision for the successor company on its incorporation to be wholly owned by a bridge bank specified in the instrument (the “parent undertaking”);
- (h) where provision is made under paragraph (g), provision—

- (i) for the transfer of liabilities from the successor company to the parent undertaking, and for the creation of corresponding liabilities of the successor company to the parent undertaking;
- (ii) replacing a liability (of any form) of the building society or the successor company with a liability or security (of any form or class) of the parent undertaking.

(4) Section 15 (share transfer instruments) is to be read as if the provision referred to in subsection (1) of that section included the provision referred to in subsections (2) and (3) of this section.”.

(2) In section 84B (further provision: conversion of building society into company)(1)—

(a) in subsection (1), after “This section applies where”, insert—

“—

(a) a share transfer instrument makes provision under section 84ZA(2)(a), or

(b)”;

(b) in subsections (2), (5) and (7), before “resolution instrument” insert “share transfer instrument or”;

(c) in subsection (8), in the definition of “the successor company”, before “84A(5)(a)” insert “84ZA(2)(a) or”.

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(1) Section 84B was inserted, with sections 84A to 84D, by [S.I. 2014/3344](#).