

- (a) after the definition of “derivative instrument” insert—
““EEA central counterparty” has the meaning given in section 285(1)(c) of the Financial Services and Markets Act 2000(a);” and
- (b) after the definition of “market maker” insert—
““recognised clearing house” has the meaning given in section 285(1)(b) of the Financial Services and Markets Act 2000;”.

	<i>Name</i>
	<i>Name</i>
Date	Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the prohibition in section 9A(1)(c) of the Building Societies Act 1986 (c.53) (“the Act”) on building societies, or subsidiary undertakings of building societies, from entering into any transaction involving derivative investments. Article 2 of this Order inserts a new paragraph (d) into section 9A(4) enabling building societies, and subsidiary undertakings of building societies, to enter into transactions involving derivative investments where they are required to do so in order to comply with obligations imposed by Article 37 of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ No. L 201 27.07.12, p.35). Under Article 37 a central counterparty can impose a requirement on clearing house members to bid on the portfolio of another member’s derivatives, in the event of that member defaulting. The amendment made to the prohibition in section 9A(1)(c) of the Act will enable building societies, and subsidiary undertakings of building societies, to be members of clearing houses where such a requirement exists.

A full regulatory impact assessment has not been produced for this instrument as no significant impact on the private or voluntary sector is foreseen.

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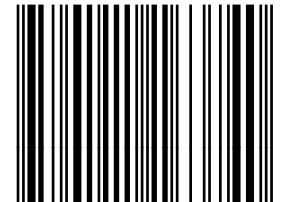
(a) 2000 c. 8. Section 285(1)(b)-(d) was substituted for section 285(1)(b) by regulation 3(3)(a) of the Financial Services and Markets Act 2000 (Over the Counter Derivatives, Central Counterparties and Trade Repositories) Regulations 2013/504.

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