

# FINANCIAL SERVICES (BANKING REFORM) ACT 2013

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## EXPLANATORY NOTES

### COMMENTARY

#### **Part 1 – Ring-Fencing**

##### **Ring-fencing**

##### ***Section 7: Building societies: power to make provision about ring-fencing***

89. *Section 7* enables the Treasury to ensure that building societies are subject to restrictions equivalent to those applying to ring-fenced bodies in Part 9B of FSMA, or in rules or orders made under that Part. Building societies are excluded from the definition of a ring-fenced body under section 142A because they are already subject to significant restrictions under the Building Societies Act 1986. The powers in this section will enable the regime for building societies to be aligned with the regime which is to apply to ring-fenced bodies under Part 9B of FSMA. *Section 8(1)* gives the Treasury power to make regulations making provision corresponding to that made by or under Part 9B (ring-fencing) in relation to building societies, for the same purposes as the provisions in new Part 9B of FSMA, or in any secondary legislation made under powers given in that Part. The Treasury may also provide that the PRA's obligation under section 2B of FSMA (as amended by section 1) to advance its general objective, in relation to ring-fencing matters, by protecting the continuous provision within the UK of the core services, and (where applicable) the FCA's continuity objective also applies in relation to any function given to the PRA or the FCA in such regulations, or as a result of such regulations. *Subsection (2)* lists a number of things which may be done by the Treasury in regulations made under this power, including the amendment of the Building Societies Act 1986. *Subsection (3)* defines the terms "building society" and "the relevant continuity provision", for the purposes of the section.