

1972 No. 1577

BUILDING SOCIETIES**The Building Societies (Designation for Trustee Investment)
Regulations 1972***Made* - - - 23rd October 1972*Laid before Parliament* 31st October 1972*Coming into Operation* 23rd November 1972

The Treasury, in exercise of the powers conferred on them by section 1(1) of the House Purchase and Housing Act 1959(a), and of all other powers enabling them in that behalf, hereby make the following Regulations:—

1.—(1) These Regulations may be cited as the Building Societies (Designation for Trustee Investment) Regulations 1972, and shall come into operation on 23rd November 1972.

(2) In these Regulations “annual return” means the annual return referred to in section 88 of the Building Societies Act 1962(b) or, as the case may be, section 88 of the Building Societies Act (Northern Ireland) 1967(c).

(3) The Interpretation Act 1889(d) shall apply to the interpretation of these Regulations as it applies to the interpretation of an Act of Parliament.

2.—(1) The requirements to be fulfilled by a building society for the purpose of designation under section 1 of the House Purchase and Housing Act 1959 are as follows:—

- (a) the society’s annual return for its last financial year shows that at the end of that year the requirements set out in the Schedule to these Regulations were fulfilled;
- (b) the society’s debts in respect of deposits, loans and overdrafts are unsecured; and
- (c) the society is empowered to make special advances in its current financial year up to the limit specified in section 22(3) of the Building Societies Act 1962 or by virtue of any permission granted under section 23(3) of the Act in excess of the limit specified in section 22(4) of the Act.

(2) In subparagraph (c) of the preceding paragraph of this regulation references to section 22(3), 22(4) and 23(3) of the Building Societies Act 1962 shall in relation to a Northern Ireland society as defined in section 134 of that Act be read as references respectively to sections 22(3), 22(4) and 23(3) of the Building Societies Act (Northern Ireland) 1967.

(a) 1959 c. 33.
(c) 1967 c. 31. (N.I.).

(b) 1962 c. 37.
(d) 1889 c. 63.

3.—(1) This regulation shall apply to a building society, which is a union of two or more societies, before it has made its first annual return.

(2) The society shall be treated as fulfilling the requirements specified in regulation 2(1)(a) of these Regulations if—

(a) the societies of which it is a union were each immediately before the union designated under section 1 of the House Purchase and Housing Act 1959, or

(b) the last annual returns of the said societies when read together as one show those requirements to be fulfilled.

4. The Building Societies (Designation for Trustee Investment) Regulations 1964(a) and the Building Societies (Designation for Trustee Investment) (Amendment) Regulations 1968(b) are hereby revoked.

*Tim Fortescue,
Hugh Rossi,*

Two of the Lords Commissioners
of Her Majesty's Treasury.

23rd October 1972.

SCHEDULE

REQUIREMENTS TO BE FULFILLED BY REFERENCE TO ANNUAL RETURNS

1. The amount of the society's assets is not less than one million pounds.

2. The amount of the society's liabilities does not exceed twice the amount due to the holders of all the society's shares.

3.—(1) The amount of the society's liquid funds is not less than seven and one half per cent of the amount of all its assets reduced by—

(a) the amount owing by the society in respect of any loans made to it under the House Purchase and Housing Act 1959, and

(b) any amount by which the book value of the society's investments exceeds their market value.

(2) In the preceding sub-paragraph "liquid funds" means—

(a) the society's cash at the bank and in hand,

(b) the book value or the market value of the society's investments, whichever is the smaller, and

(c) the interest accrued on the society's investments,

reduced by the amount of the society's liabilities in respect of—

(i) loans from, and overdrafts with, its bankers, and

(ii) taxation and other liabilities, excluding any amount which will not fall due for payment within the six months immediately following the end of the financial year to which the annual return relates.

(a) S.I. 1964/1354 (1964 II, p. 3075).

(b) S.I. 1968/480 (1968 I, p. 1190).

4.- (1) The amount of the society's reserves is not less than—

2½ per cent of its assets not exceeding £100 million, and

2 per cent of its assets exceeding £100 million but not exceeding £500 million,
and

1½ per cent of its assets exceeding £500 million but not exceeding £1,000
million, and

1¼ per cent of its assets exceeding £1,000 million.

(2) In the preceding sub-paragraph—

“reserves” means the amount of the reserves, together with the amount of any provision against depreciation of or losses on investments, less the aggregate of—

(a) the amount of any reserve set aside for a particular purpose,

(b) any amount by which the book value of the society's investments exceeds their market value, and

(c) any amount recommended by the society's directors for distribution as interest, dividend or bonus, in respect of the financial year or any part thereof covered by the annual return and not charged as expenditure for that year;

“assets” means the amount of the assets less the aggregate of—

(a) the amount owing by the society in respect of any loans made to it under the House Purchase and Housing Act 1959,

(b) any amount by which the book value of the society's investments exceeds their market value, and

(c) the amount of any reserve set aside for a particular purpose.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations consolidate with minor amendments the Building Societies (Designation for Trustee Investment) Regulations 1964 as amended. They prescribe the requirements to be fulfilled by a building society before the Chief Registrar of Friendly Societies may designate it under section 1(1) of the House Purchase and Housing Act 1959. The shares and deposits of a society so designated are authorised investments for trustees subject to the provisions of the Trustee Investments Act 1961 (c.62).

SI 1972/1577
ISBN 0-11-021577-X



780110 215778