

1987 No. 2005

BUILDING SOCIETIES

The Building Societies (Mergers) Regulations 1987

<i>Made</i> - - - -	<i>23rd November 1987</i>
<i>Laid before Parliament</i>	<i>1st December 1987</i>
<i>Coming into force</i>	<i>31st December 1987</i>

The Building Societies Commission, in exercise of the powers conferred on it by section 96(5) of the Building Societies Act 1986(a) and of all other powers enabling it in that behalf, and with the consent of the Treasury, hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Building Societies (Mergers) Regulations 1987 and shall come into force on 31st December 1987.

Interpretation

2. In these Regulations –

“the Act” means the Building Societies Act 1986;

“merger” means an amalgamation of building societies under section 93 of the Act or a transfer of engagements of one building society to another under section 94 of the Act;

“participating society” means a building society which is party to a merger.

Limit relating to bonuses to members

3.—(1) Where the terms of a merger so provide, a distribution of funds may be made in consideration of the merger among any of the members of any of the participating societies, subject to the limit specified in paragraph (2) below.

(2) The maximum distribution that may be made among members of any one society under paragraph (1) above is –

- (a) in any case other than that referred to in sub-paragraph (b) below, a sum equal to one per cent. of the value of that society's total assets; and
- (b) in a case where the terms of the merger provide for some but not all of that society's liabilities to its members in respect of shares to be transferred, a sum equal to one per cent. of the value of the liabilities in respect of shares that are transferred.

(3) For the purposes of paragraph (2) above, the value of any assets or liabilities of a society is their value as given in any statement relating to the merger sent under Part I of Schedule 16 to the Act (which includes a provision requiring that statement to state the financial position of the society), or, if it is not given in the statement, their value as determined for the purpose of making that statement.

Revocation of Regulations superseded by these Regulations

4. The Building Societies (Mergers) Regulations 1986(a) are hereby revoked.

In witness whereof the common seal of the Building Societies Commission is hereunto fixed, and is authenticated by me, a person authorised under paragraph 14 of Schedule 1 to the Building Societies Act 1986, on 16th November 1987.



D. B. Severn
Secretary to the Commission

We consent to these Regulations,

23rd November 1987

Mark Lennox-Boyd
David Lightbown
Two of the Lords Commissioners
of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which supersede the Building Societies (Mergers) Regulations 1986, prescribe a limit in relation to any bonus distribution by a building society in consideration of a merger. Under section 95 of the Building Societies Act 1986, a distribution within any limit prescribed by regulations requires only the approval of the members of the paying society; a distribution in excess of it requires the approval of the members of each of the societies participating in the merger. The limit specified in the 1986 Regulations was, in relation to a distribution to members of any one society, an amount equal to one per cent. of that society's total assets. These regulations continue that limit in relation to the generality of cases, but create an exception in the case of a distribution to members of a society which is transferring only some of its liabilities to shareholders; in any such case the limit is an amount equal to one per cent. of the value of the liabilities transferred by the society in question. For the purpose of calculating the limit, assets and liabilities are to be given the value they are given when financial information relevant to the merger is sent to members.

(a) S.I. 1986/2152.

45p net

ISBN 0 11 078005 1