
STATUTORY INSTRUMENTS

1995 No. 1874

BUILDING SOCIETIES

**The Building Societies (Mergers)
(Amendment) Regulations 1995**

Made - - - - *17th July 1995*
Laid before Paliament *20th July 1995*
Coming into Force - - *1st September 1995*

The Building Societies Commission, with the consent of the Treasury, in exercise of the powers conferred on it by section 96(5) of the Building Societies Act 1986⁽¹⁾ hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Building Societies (Mergers) (Amendment) Regulations 1995 and shall come into force on 1st September 1995.

Amendment of Principal Regulations

2. The Building Societies (Mergers) Regulations 1987⁽²⁾ shall be amended by the substitution for paragraphs (2) and (3) of regulation 3 (Limit relating to bonuses to members) of the following paragraphs—

“(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
 - (i) five per cent. of the value of that society’s total assets, or
 - (ii) the sum calculated in accordance with paragraph (3) belowwhichever shall be the less; 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

(1) 1986 c. 53.
(2) S.I.1987/2005.

- (i) five per cent. of the value of the liabilities in respect of shares that are transferred, or
- (ii) such proportion of the sum calculated in accordance with paragraph (3) below as the value of the liabilities in respect of shares that are transferred bears to the value of the liabilities in respect of the totality of shares in the society (both those being transferred and those not being transferred)

whichever shall be the less.

(3) The sum referred to in paragraph (2) above shall be calculated by deducting the value of the society's fixed assets, both tangible and intangible, from the aggregate of the society's general reserves and, if any, revaluation and other reserves.

(4) For the purposes of paragraphs (2) and (3) above, the value of any assets or liabilities or reserves 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.”.

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

L.S.

13th July 1995.

J. Dennis
Secretary to the Commission

We consent to these Regulations,

17th July 1995

D. Conway
A. Mackay
Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Building Societies (Mergers) Regulations 1987, which prescribe a limit in relation to any bonus distribution by a building society in consideration of a merger. Under section 96 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 1987 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 (referred to below as the asset limit), or, in the case of a distribution to members of a society which is transferring only some of its liabilities to shareholders, one per cent. of the value of the liabilities transferred by the society in question (referred to below as the liabilities limit). These regulations increase the asset limit to 5% of the value of the assets, or a sum calculated from the society's reserves less fixed assets, and increase the liabilities limit to 5% of the value of the liabilities transferred, or a part of the sum calculated as above, proportionate to the liabilities transferred.

A review of the cost of compliance with these Regulations has been undertaken and the resulting compliance cost assessment may be obtained from the Secretary, Building Societies Commission, 15 Great Marlborough Street, London W1V 2LL.