STATUTORY INSTRUMENTS

2007 No. 860

BUILDING SOCIETIES

The Building Societies Act 1986 (Substitution of Specified Amounts and Modification of the Funding Limit Calculation) Order 2007

Made - - - -	*15th March 2007*
Laid before Parliament	*16th March 2007*
Coming into force - -	*6th April 2007*

The Treasury make the following Order in exercise of the powers conferred by sections 7(7)(a), 7(8), 61(4), 64(3), 65(8), 68(9), 69(12) of, and paragraph 20A(13) of Schedule 2 to, the Building Societies Act 1986(**1**):

Citation and commencement

1. This Order may be cited as the Building Societies Act 1986 (Substitution of Specified Amounts and Modification of the Funding Limit Calculation) Order 2007 and comes into force on 6th April 2007.

Commencement Information

I1 Art. 1 in force at 6.4.2007, see **art. 1**

Substitution of specified amounts

2.—(1) The Building Societies Act 1986 is amended as follows.

(2) In section 61 (directors: supplementary provisions as to elections, etc.)(**2**)—

(a) in paragraphs (b) and (c) of subsection (2), for "£100" substitute "£200";

(b) in subsection (3)(a), for "£250" substitute "£500".

(**1**) 1986 (c.53). Section 7(7)(a) was substituted by section 8 of the Building Societies Act 1997 (c.32) and amended by S.I. 2001/2617. Section 61(4) was substituted by section 28(2) of the Building Societies Act 1997 and amended by S.I. 2001/2617. Sections 64(3), 65(8), 68(9) and 69(12) were amended by S.I. 2001/2617. Paragraph 20A of Schedule 2 was inserted by section 25 of the Building Societies Act 1997 and sub-paragraph (13) was amended by S.I. 2001/2617.

(**2**) Section 61(2) was substituted by section 28(1) of the Building Societies Act 1997.

(3) In section 64(2) (substantial property transactions involving directors and connected persons) (**3**)—

(a) in paragraph (a), for "£100,000" substitute "£200,000";

(b) in paragraph (b)—

(i) for "£500,000" substitute "£1,000,000";

(ii) for "£1,000" substitute "£2,000".

(4) In section 65 (restrictions on loans, etc. to directors and persons connected with them)(**4**)—

(a) in subsection (2)(a), for "£5,000" substitute "£10,000";

(b) in subsection (2)(c), for "£100,000" substitute "£200,000";

(c) in subsection (3)(a), for "£10,000" substitute "£20,000";

(d) in subsection (4)(a), for "£5,000" substitute "£10,000";

(e) in subsection (6)(b), for "£20,000" substitute "£40,000".

(5) In section 68 (records of loans, etc. for directors falling within section 65)—

(a) in subsection (7), for "£1,000" substitute "£2,000";

(b) in subsection (8), for "£5,000" substitute "£10,000".

(6) In section 69(12) (disclosure and record of income of related businesses), for "£5,000" substitute "£10,000".

(7) In paragraph 20A(7) of Schedule 2 (establishment, incorporation and constitution of building societies), for "£25" substitute "£50".

Commencement Information

I2 Art. 2 in force at 6.4.2007, see **art. 1**

Modification of the funding limit calculation

3.—(1) Subsections (2) and (3) of section 7 of the Building Societies Act 1986 (the funding limit) are modified as follows in their application to the liabilities of **[**[F1]relevant **]** subsidiary undertakings of a building society.

(2) For the purposes of section 7(2), there shall be disregarded so much of the aggregate of the principal value of, and interest accrued on, sums deposited with any **[**[F2]relevant **]** subsidiary undertaking of the society by individuals acting otherwise than as bare trustees for bodies corporate or for persons who include bodies corporate as does not exceed the limit in paragraph (3).

(3) In respect of any day by reference to which the value of X falls to be calculated for the purposes of section 7(1) in relation to the society, that limit is 10 per cent. of the amount which would, apart from **[**[F3]the modifications required by this article and by section 7(3)(aa)**]**, be the value of X on that day.

(4) Where an individual declares that he is depositing a sum with **[**[F4]a relevant **]** subsidiary undertaking of a building society otherwise than as a bare trustee for a body corporate or for persons who include a body corporate, he shall, unless the contrary is shown, be conclusively presumed for the purposes of section 7 to have deposited the sum otherwise than as such a trustee.

(**3**) Section 64(2)(a) was amended by S.I. 1995/1872.
(**4**) Section 65(2), (3), (4) and (6) were amended by S.I. 1995/1872.

(5) In this article, "**[**[F5]a relevant subsidiary undertaking**]**" means a subsidiary undertaking that is incorporated or otherwise established in [F6]... the Channel Islands, the Isle of Man or Gibraltar.

Textual Amendments

F1 Word in art. 3(1) substituted (31.12.2020) by The Building Societies Legislation (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1187), regs. 1, **11(a)**; 2020 c. 1, Sch. 5 para. 1(1)

F2 Word in art. 3(2) substituted (31.12.2020) by The Building Societies Legislation (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1187), regs. 1, **11(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F3 Words in art. 3(3) substituted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 3(1)** (with Sch. 9 para. 3(2))

F4 Words in art. 3(4) substituted (31.12.2020) by The Building Societies Legislation (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1187), regs. 1, **11(c)**; 2020 c. 1, Sch. 5 para. 1(1)

F5 Words in art. 3(5) substituted (31.12.2020) by The Building Societies Legislation (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1187), regs. 1, **11(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

F6 Words in art. 3(5) omitted (31.12.2020) by virtue of The Building Societies Legislation (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1187), regs. 1, **11(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

Commencement Information

I3 Art. 3 in force at 6.4.2007, see **art. 1**

Frank Roy
Claire Ward
Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends, and modifies the application of, provisions of the Building Societies Act 1986 (c.53).

Article 2 amends various financial amounts that are specified in the Building Societies Act 1986. The changes affect the rules concerning the election of a building society's directors, arrangements between a building society and the society's director or a connected person, loans by a building society to a director of the society, disclosure and records of certain business entered into by a building society's director and the deposit required for requisitioning a special meeting of a building society.

Under section 7 of the Building Societies Act 1986 at least 50 per cent. of a building society's liabilities must be shares owned by individuals. Article 3 requires deposits made by individuals with a building society's subsidiaries in another EEA State, the Channel Islands, the Isle of Man or Gibraltar, to be disregarded for the purpose of calculating that percentage. The maximum amount of such deposits which is to be excluded is ten per cent of what would have been the value of the building society's liabilities but for the exclusion.

A full regulatory impact assessment of the effect that this instrument will have on the costs of business may be obtained from the General Insurance, Mutuals and Inclusion Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ or from HM Treasury's website (www.hm-treasury.gov.uk) and is annexed to the Explanatory Memorandum which is available alongside the instrument on the OPSI website (www.opsi.gov.uk).

Changes to legislation:
There are currently no known outstanding effects for the The Building Societies Act 1986 (Substitution of Specified Amounts and Modification of the Funding Limit Calculation) Order 2007.