
EXPLANATORY NOTE

(This note is not part of the Rules)

These Rules set out the procedure for the building society special administration process under Part 3 of the [Banking Act 2009 \(c.1\)](#) (“the Banking Act”) in Scotland. Part 3 of the Banking Act is applied in relation to building societies by section 90C of the [Building Societies Act 1986 \(c.53\)](#) and by the Building Societies (Insolvency and Special Administration) Order 2009 ([S.I. 2009/805](#)

The main features of building society special administration are that:

- (a) it is used where part of the business of a building society is sold to a commercial purchaser or transferred to a bridge bank in accordance with section 12 of the Banking Act;
- (b) the court appoints a building society special administrator on the application of the Bank of England;
- (c) the special administrator ensures that the non-sold or non-transferred part of the building society provides services or facilities to enable the commercial purchaser or bridge bank to operate effectively;
- (d) the special administrator has two objectives (Objective 1 – supporting the private purchaser or bridge bank; and Objective 2 – normal administration); and
- (e) in other respects the process is the same as for administration under Schedule B1 to the Insolvency Act 1986, subject to specified modifications.

Part 2 of the Rules sets out special provisions about applications for building society special administration.

Part 3 of the Rules sets out special provisions about the building society special administration process.

Part 4 of the Rules applies specified provisions of the Insolvency (Scotland) Rules 1986 for general purposes in connection with building society special administration, subject to a number of general and specific modifications.