
STATUTORY INSTRUMENTS

2010 No. 2581

The Building Society Insolvency
(England and Wales) Rules 2010

PART 6

MEETINGS OF CREDITORS AND CONTRIBUTORIES

Meaning of “contributories”

40. For the purposes of this Part, “contributories” does not include the borrowing members of the society (see paragraph 5(2) of Schedule 2 to the Building Societies Act).

First meeting

41.—(1) Once the liquidation committee passes a full payment resolution the building society liquidator shall—

- (a) immediately summon a meeting of the building society’s creditors and a meeting of the building society’s contributories, and
- (b) fix a venue, date and time for the meetings,

and the date must be within three months of the date on which the full payment resolution was passed.

(2) When the venue, date and time of the meetings have been fixed the building society liquidator shall give notice of the meetings to—

- (a) the court,
- (b) every creditor who is known to the building society liquidator or is identified in the building society’s statement of affairs,
- (c) every person appearing (by the building society’s books or otherwise) to be a contributory of the building society, and
- (d) each member of the liquidation committee.

(3) The building society liquidator—

- (a) shall gazette the notice of the meeting as soon as reasonably practicable, and
- (b) may advertise it in such other manner as the building society liquidator thinks fit.

(4) In giving the notice mentioned in paragraph (2) the building society liquidator shall, if practicable, indicate whether the present intention of the FSCS is to resign from the liquidation committee at the meeting.

(5) Notice to the court and the members of the liquidation committee shall be given immediately; notice to creditors and contributories shall be given, and the advertisements placed to appear, at least 21 days before the date fixed for the meeting.

(6) The notice to creditors shall specify a time and date, not more than four days before the date fixed for the meeting, by which they must lodge proofs and (if applicable) proxies, in order to be entitled to vote at the meeting.

(7) The FSCS is entitled to be represented at the meeting and Schedule 1 to the 1986 Rules, as applied by rule 285, has effect with respect to its voting rights at such a meeting.

(8) Meetings summoned under this rule are known respectively as “the first meeting of creditors” and “the first meeting of contributories”, and jointly as “the first meetings in the building society liquidation”.

Business at first meetings of creditors and contributories

42.—(1) At the first meeting of creditors the FSCS shall state whether or not it is resigning from the liquidation committee.

(2) At that meeting those creditors present (or represented by proxy) may—

- (a) where the FSCS has not resigned, elect two or four individuals as new members of the liquidation committee,
- (b) where the FSCS has resigned, elect three or five individuals as new members of the liquidation committee,

in place of the members nominated by the Bank of England and the FSA. In accordance with section 100(6)(e) of the Banking Act, the liquidation committee ceases to exist at the end of the meeting if no individuals are elected as mentioned or if the resulting committee would have fewer than three members or an even number of members. The maximum number of committee members will be five.

(3) At the first meeting of creditors no resolutions shall be taken other than the following—

- (a) if an application has been made to the court by the creditors under rule 95 for the court to direct the building society liquidator to summon a meeting of creditors for the purpose of removing the building society liquidator, and the court has directed that a resolution may be passed to that effect at the first meeting of creditors, —
 - (i) a resolution to remove the building society liquidator (or a resolution to remove one or more of the building society liquidators if joint liquidators were originally appointed), and
 - (ii) a resolution to appoint a named insolvency practitioner to be building society liquidator or two or more insolvency practitioners as joint liquidators;
- (b) if no individuals have been elected to form a liquidation committee under paragraph (2), a resolution specifying the terms on which the liquidator is to be remunerated, or to defer consideration of that matter;
- (c) where two or more persons are appointed jointly to act as building society liquidator, a resolution specifying which acts are to be done by both of them, all of them or by only one;
- (d) a resolution to adjourn the meeting for not more than three weeks; and
- (e) any other resolutions which the chair thinks it right to allow for special reasons.

(4) At the first meeting of contributories, no resolutions shall be taken other than the following—

- (a) if no individuals have been elected to form a liquidation committee under paragraph (2), a resolution to form a liquidation committee (and rule 118 shall then apply);
- (b) a resolution to adjourn the meeting for no more than three weeks;
- (c) any other resolutions which the chair thinks it right to allow for special reasons.

(5) The FSCS shall be entitled to be a member of any liquidation committee formed where the liquidation committee has ceased to exist at the end of the first meeting of the creditors.

General power to call meetings

43.—(1) Apply rule 4.54 of the 1986 Rules(1).

(2) Where the building society liquidator has been directed to summon a meeting of creditors under section 195 of the Insolvency Act (as applied by section 109 of the Banking Act) for the purpose of removing the building society liquidator, the building society liquidator shall give notice of the meeting to the Bank of England and the FSA.

The chair at meetings

44.—(1) Meetings shall be chaired by the building society liquidator or a person nominated in writing by the building society liquidator.

(2) A person nominated under paragraph (1) must be—

- (a) qualified to act as an insolvency practitioner in accordance with section 390 of the Insolvency Act, or
- (b) an employee of the building society liquidator or of the building society liquidator’s firm who is experienced in insolvency matters.

Requisitioned meetings: general

45. Apply rule 4.57 of the 1986 Rules. In rule 4.57(4)(a) for “the amount for which they may vote at any meeting” substitute “the value of the shares held by them in the society”.

Requisitioned meetings: reforming the liquidation committee

46.—(1) Rule 4.57 of the 1986 Rules also applies where—

- (a) the liquidation committee has ceased to exist at the end of the first meeting of creditors under rule 42 and no further steps have been taken to re-establish that committee; and
- (b) the building society liquidator has been requested, by no less than one-tenth in value of the building society’s creditors, to summon a meeting for the purpose of re-establishing the liquidation committee.

(2) Where a meeting is requisitioned to re-establish the liquidation committee, the time periods set out in rule 4.57 of the 1986 Rules may be expedited by the building society liquidator at the request of the building society’s creditors.

(3) The building society liquidator shall give notice of the meeting to the FSA and Bank of England.

(4) Rule 42(1) and (2) shall apply at this meeting as if it were the first meeting of creditors.

Attendance at meetings of building society’s personnel

47. Apply rule 4.58 of the 1986 Rules.

Notice of meetings by advertisement only

48. Apply rule 4.59 of the 1986 Rules.

Venue

49. Apply rule 4.60 of the 1986 Rules.

(1) Paragraph (6) was amended by [S.I. 2009/642](#).

Expenses of summoning meetings

50. Apply rule 4.61 of the 1986 Rules (2).

Resolutions

51. Apply rule 4.63 of the 1986 Rules(3). In rule 4.63(1) for “the number of votes conferred on each contributory by the company’s articles” substitute “the value of the shares each contributory holds in the building society”.

Chair of meeting as proxy-holder

52. Apply rule 4.64 of the 1986 Rules.

Suspension and adjournment

53.—(1) Apply rule 4.65 of the 1986 Rules(4).

(2) In paragraph (3), leave out “or, as the case may be, 4.114–CVL(3)”.

Entitlement to vote (creditors)

54.—(1) Apply rule 4.67 of the 1986 Rules(5).

(2) Ignore paragraph (ii) of paragraph (1)(a) and paragraph (8).

(3) In paragraph (9), ignore the reference to paragraph (8).

Entitlement to vote (contributories)

55. Apply rule 4.69 of the 1986 Rules.

Admission and rejection of proof (creditors’ meetings)

56. Apply rule 4.70 of the 1986 Rules. For paragraph (5) substitute—

“(5) The chair is not personally liable for costs incurred by any person in respect of an application under this rule unless the court makes an order to that effect.”.

Record of proceedings

57. Apply rule 4.71 of the 1986 Rules.

(2) Paragraphs (3) and (4) were amended by S.I. 2008/737.
(3) Rule 4.63 was amended by S.I. 1987/1919.
(4) Paragraphs (3) and (4) were amended by S.I. 1987/1919.
(5) Rule 4.67 was amended by S.I. 2002/1307.