

Building Societies Act 1986 (Amendment) Bill

EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by Her Majesty's Treasury with the consent of Julie Elliott, the Member in charge of the Bill, are published separately as 18—EN.

Building Societies Act 1986 (Amendment) Bill

[AS INTRODUCED]

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[AS INTRODUCED]

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Make provision about funding of building societies and the assimilation of the law relating to companies and the law relating to building societies.

BE IT ENACTED by the King’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 The funding limit: funds to be disregarded

(1) Section 7 of the Building Societies Act 1986 (the funding limit) is amended as follows.

(2) In subsection (3) (disregarded funds), after paragraph (b) insert—

“(c) amounts drawn by the society from a specified liquidity insurance facility provided by the Bank of England; 5

(d) amounts represented by specified debt instruments issued by the society with a view to maintaining the minimum requirement for own funds and eligible liabilities;

(e) sums received by the society under a sale and repurchase agreement entered into by the society with a view to complying with a specified PRA rule.” 10

(3) After subsection (9) insert—

“(9A) In subsections (3) and (9B)—

“liquidity insurance facility” means a facility provided by the Bank of England enabling a building society to borrow cash or other relatively liquid assets in exchange for collateral (and “relatively liquid assets” means assets which are more liquid than the collateral provided); 15

“the minimum requirement for own funds and eligible liabilities” means the minimum requirement set by the Bank of England in a direction under section 3A(4B)(a) of the Banking Act 2009; 20

“PRA rule” means a rule made by the PRA under the Financial Services and Markets Act 2000;

“specified” means specified, or of a description specified, in regulations under subsection (9B). 25

- (9B) The Treasury may by regulations made by statutory instrument specify, or specify descriptions of –
- (a) liquidity insurance facilities, for the purposes of subsection (3)(c);
 - (b) debt instruments, for the purposes of subsection (3)(d); 5
 - (c) PRA rules, for the purposes of subsection (3)(e).
- (9C) Regulations under subsection (9B) may make provision by reference to a document or rule as it has effect from time to time.
- (9D) A statutory instrument containing regulations under subsection (9B) is subject to annulment in pursuance of a resolution of either House of Parliament.” 10

2 Attendance at meetings by electronic means

After paragraph 34 of Schedule 2 to the Building Societies Act 1986 insert –

- “34A(1) Nothing in this Part of this Schedule is to be taken to preclude the holding and conducting of a meeting of a building society in such a way that persons who are not present together at the same place may by electronic means attend, speak and vote at it. 15
- (2) The use of electronic means for the purpose of enabling participation in such a meeting may be made subject only to such requirements and restrictions as are – 20
- (a) necessary to ensure the identification of those attending and the security of the electronic communication, and
 - (b) proportionate to the achievement of those objectives.”

3 Power to assimilate with company law: common seals and execution of documents 25

- (1) Section 104 of the Building Societies Act 1986 (power to amend, etc. to assimilate company law) is amended as follows.
- (2) In subsection (2), before paragraph (a) insert –
- “(aa) the provisions of Part 2 (but see subsection (3A));”.
- (3) After subsection (3) insert – 30
- “(3A) The power conferred by subsection (1) by virtue of subsection (2)(aa) is exercisable only for the purpose of making provision in relation to common seals and the execution of documents.”

4 Extent, commencement, transitional provision and short title

- (1) This Act extends to England and Wales, Scotland and Northern Ireland. 35
- (2) This Act comes into force at the end of the period of two months beginning with the day on which it is passed.

- (3) The amendments made by this Act to section 104 of the Building Societies Act 1986 apply in relation to any modification of the statutory provisions in force in Great Britain or Northern Ireland relating to companies whether the modification is made before or after the coming into force of this Act (and for this purpose “modification” and “statutory provision” have the same meanings as in that section).
- (4) This Act may be cited as the Building Societies Act 1986 (Amendment) Act 2024.

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*Presented by Julie Elliott
supported by Dame Angela Eagle, Damian Green,
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