
STATUTORY INSTRUMENTS

1987 No. 1500

BUILDING SOCIETIES

**The Building Societies (Prescribed
Contracts) (Amendment) Order 1987**

<i>Made</i>	- - - -	<i>20th August 1987</i>
<i>Laid before Parliament</i>		<i>27th August 1987</i>
<i>Coming into force</i>	- -	<i>1st October 1987</i>

The Building Societies Commission, with the consent of the Treasury, in exercise of the powers conferred on it by section 23(2) of the Building Societies Act 1986(1), and of all other powers enabling it in that behalf, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Building Societies (Prescribed Contracts) (Amendment) Order 1987 and shall come into force on 1st October 1987.

Interpretation

2. In this Order “the 1986 Order” means the Building Societies (Prescribed Contracts) Order 1986(2).

Amendment of 1986 Order

3. The 1986 Order shall be amended as follows —

- (a) in article 2 (interpretation), in the definition of “participant”, the words “(other than a guarantor)” shall be inserted after the word “contract”;
- (b) in article 3, paragraph (3) (which limits participants) shall be replaced by the following paragraph —

“(3) No prescribed contract may be effected by a society save where the obligations of the participant thereunder fall to be performed by —

(1) 1986 c. 53.
(2) S.I.1986/2098.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) a person some of whose liabilities societies, or societies of a particular description, are empowered for the time being, under section 21 (liquid assets) of the Building Societies Act 1986, to hold as assets of an authorised character, or
- (b) a person performance of whose obligations under the contract is guaranteed by a person who comes within subparagraph (a) above.”.

Transitional Provision

4.—(1) Nothing in this Order shall be taken to invalidate any contract effected by a society in the previous period in accordance with the 1986 Order as a prescribed contract.

(2) For the purposes of this article the previous period is the period which —

- (a) began on the day on which the 1986 Order came into force, and
- (b) ended on the day before the day on which this Order came into force.

In witness thereof the common seal of the Building Societies Commission is hereto fixed, and is authenticated by me, a person authorised under paragraph 14 of Schedule 1 to the Building Societies Act 1986, on 13th August 1987.

L.S.

D. B. Severn
Secretary to the Commission

We consent to this Order

Peter Lloyd
David Lightbown
Two of the Lords Commissioners of Her
Majesty’s Treasury

20th August 1987

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Building Societies (Prescribed Contracts) Order 1986, which prescribes types of contract which a building society may enter into under section 23 of the Building Societies Act 1986 for the purpose of reducing the risk of loss. The requirement formerly in article 3 of the 1986 Order that a prescribed contract may only be effected where the other party (referred to in the Order as a “participant”) is a bank authorised to hold building society funds is replaced by a new requirement. This is that the other party (besides any guarantor) must be a person who is, or whose obligations are guaranteed by, a person whose liabilities may be held as assets by building societies for the purposes of the liquidity requirements imposed on societies by the Building Societies Act 1986. The validity of prescribed contracts previously entered into under the 1986 Order is preserved by article 4 of this Order.