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## 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) as applied in relation to building societies 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 2009;
- (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 normal administration under the Insolvency (Northern Ireland) Order 1989, subject to specified modifications.

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

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

Part 4 of the Rules sets out provisions about court procedure and practice in connection with special administration.

Part 5 of the Rules applies specified provisions of the Insolvency Rules (Northern Ireland) 1991 for general purposes in connection with building society special administration, subject to a number of general and specific modifications.

An Impact Assessment relating to the rules for building society insolvency and special administration has been prepared and may be obtained from the Financial Regulatory Strategy Team, HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ. It is also available on HM Treasury’s website ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)).