
DRAFT STATUTORY INSTRUMENTS

2014 No.

The Banks and Building Societies (Depositor Preference and Priorities) Order 2014

PART 8

Building society rules

Supplementary and transitional provision in relation to rules

36.—(1) A relevant rule has no effect in relation to the winding up of a building society commenced on or after 1st January 2015.

(2) Paragraph (3) has effect in place of a relevant rule until the society has changed its rules to provide for the matter specified in paragraph 15 of the Table⁽¹⁾.

(3) Any surplus assets of a building society are to be divided among—

- (a) the holders of shares in the society, other than deferred shares, according to the value of their shareholdings on the commencement date, and
- (b) the holders of deferred shares in the society (if any), in accordance with the terms and conditions of issue of those deferred shares.

(4) In this article—

“the commencement date”, in relation to a building society, means the commencement date of the winding up of the society determined in accordance with—

- (a) section 86 (commencement of winding up) or 129 (commencement of winding up by the court) of the Insolvency Act 1986⁽²⁾ as applied to building societies by section 90 of the Building Societies Act 1986; or
- (b) Article 72 (commencement of voluntary winding up) or 109 (commencement of winding up by the High Court) of the Insolvency (Northern Ireland) Order 1989⁽³⁾ as so applied.

“relevant rule” is a rule of a building society which—

- (a) provides for the matter specified in paragraph 14 of the Table, as that paragraph had effect before the amendments made by this Order;
- (b) does not satisfy the requirements of paragraphs 14 and 15 of the Table as amended by this Order; and
- (c) is registered under paragraph 1(2) of Schedule 2 to the Building Societies Act 1986 before 1st January 2015;

“surplus assets” means any surplus of the society’s assets after payments are made in satisfaction of the society’s liabilities to creditors and shareholding members under the

⁽¹⁾ Paragraph 15 is inserted by article 35(3) of this Order.

⁽²⁾ 1986 (c. 45). Section 129 was amended by the Enterprise Act 2002 (c. 40), Schedule 17, paragraphs 9 and 16.

⁽³⁾ S.I. 1989/2405 (N.I. 19). Article 109 was amended by S.I. 2005/1455 (N.I. 10).

companies winding up legislation as modified by Parts 1 to 3 of Schedule 15 to the Building Societies 1986; and

“the Table” means the Table in paragraph 3(4) of Schedule 2 to the Building Societies Act 1986.