



Building Societies Act 1986

1986 CHAPTER 53

PART X

DISSOLUTION, WINDING UP, MERGERS AND TRANSFER OF BUSINESS

Transfer of business to commercial company

[^{F1}101 Protective provisions for specially formed successors.

- (1) No company specially formed by a building society to be its successor shall, at any time during the protective period—
 - (a) offer for sale or invite subscription for any shares in the company or allot or agree to allot any such shares with a view to their being offered for sale, or
 - (b) allot or agree to allot any share in the company, or
 - (c) register a transfer of shares in the company,if the effect of the offer, the invitation, the allotment or the registration of the transfer would be that more shares than the permitted proportion would be held by any one person (other than the society), or by any two or more persons who are parties to a concert party agreement which relates to shares in the company.
- (2) The articles of association of the company shall include provision such as will secure that the company does not offer, invite subscription for, allot or register transfers of, shares in contravention of subsection (1) above and no alteration in those provisions may be made by the company during the protective period.
- (3) Any provision (including any altered provision) of the company's articles of association which is to any extent inconsistent with subsection (1) above shall, to that extent, be void; and any allotment or registration of a transfer of shares in contravention of that subsection shall be void.
- (4) This section shall cease to apply to a company if—
 - (a) a [^{F2}person who is an authorised person within the meaning of section 31 of the Financial Services and Markets Act 2000] becomes a subsidiary undertaking

Status: Point in time view as at 05/03/2009. This version of this provision has been superseded.

Changes to legislation: Building Societies Act 1986, Section 101 is up to date with all changes known to be in force on or before 30 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- of the company, or the company or such an undertaking acquires the whole, or substantially the whole, of the business of such [^{F3}a person];
- (b) a special resolution to that effect is passed by the requisite majority of the members of the company; or
- (c) the [^{F4}Authority] by notice to the company gives a direction to that effect; and the [^{F4}Authority] shall not give such a direction unless it considers it desirable to do so in the interests of the depositors and potential depositors of the company.
- (5) If this section ceases to apply to a company, any provision included by virtue of subsection (2) above in its articles of association shall cease to have effect.
- (6) In this section—
- ^{F5}
- “concert party agreement” means an agreement to which [^{F6}section 824 of the Companies Act 2006] applies;
- “EEA country or territory” has the same meaning as in sections 6A and 6B;
- ^{F7}
- “the permitted proportion”, in relation to shares in the company, is 15 per cent. of the company’s issued share capital;
- “the protective period” is the period beginning with the date of the company’s incorporation and ending five years after the vesting date or, if this section ceases to apply to the company, ending on the date on which it so ceases;
- “the requisite majority” means a majority of the members having the right to attend and vote at a general meeting of the company, being a majority together holding not less than 75 per cent in nominal value of the shares giving that right;
- “transfer”, in relation to shares, does not include a transfer to a person to whom the right to any shares has been transmitted by operation of law;
- and any expression used in this section and in [^{F8}the Companies Acts (as defined in section 2 of the Companies Act 2006)] has the same meaning in this section as in [^{F9}those Acts] .
- (7) For the purposes of this section—
- (a) shares held by a person in a fiduciary capacity shall be treated as not held by him;
- (b) shares held by a person as nominee for another shall be treated as held by the other; and
- (c) shares shall be regarded as held as nominee for another if any voting rights attaching to them are exercisable only on his instructions or with his consent or concurrence.
- (8) Any reference in this section to shares includes a reference—
- (a) to any warrant or other instrument entitling the holder to subscribe for shares; and
- (b) to any certificate or other instrument issued by or on behalf of the company and conferring a right to acquire shares otherwise than by subscription;
- and for the purposes of subsection (1) above any shares to which any such instrument relates shall be deemed to be held by the holder of the instrument.]

Textual Amendments

F1 S. 101 substituted (21.3.1997) by 1997 c. 32, s. 41 (with s. 46(1), Sch. 8 para. 10)

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- F2** Words in s. 101(4)(a) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 197(2)(a)**
- F3** Words in s. 101(4)(a) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 197(2)(b)**
- F4** Word in s. 101(4) substituted (1.6.1998) by 1998 c. 11, s. 23, **Sch. 5 Pt. I Ch. III para. 38(2)**; S.I. 1998/1120, **art. 2**
- F5** Definition of “the Authority” in s. 101(6) repealed (1.12.2001) by S.I. 2001/2617, art. 13(2), **Sch. 4; S.I. 2001/3538, art. 2(a)**
- F6** Words in s. 101(6) substituted (1.10.2007) by The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 48(2)** (with art. 12)
- F7** Definition of “financial institution” in s. 101(6) repealed (1.12.2001) by S.I. 2001/3649, **arts. 1, 197(3)**
- F8** Words in s. 101(6) substituted (1.10.2007) by The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 48(3)(a)** (with art. 12)
- F9** Words in s. 101(6) substituted (1.10.2007) by The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), art. 1(3)(a), **Sch. 4 para. 48(3)(b)** (with art. 12)

Modifications etc. (not altering text)

- C1** Ss. 97-102D: power to modify conferred (16.1.2009) by Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (c. 26), **ss. 3, 6(2)**; S.I. 2009/36, art. 2
- C2** Ss. 97-102D applied (with modifications) (5.3.2009) by The Mutual Societies (Transfers) Order 2009 (S.I. 2009/509), arts. 1(2), **3-18**
- C3** S. 101(4) modified (22.3.2001) by 2001 c. i, **s. 14** (with s. 13)
- C4** S. 101(4): functions transferred (1.6.1998) by 1998 c. 11, **s. 21(a)(iii)**; S.I. 1998/1120, **art. 2**

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