



# Building Societies Act 1986

## 1986 CHAPTER 53

### PART II

#### CONSTITUTION OF BUILDING SOCIETIES

##### *Raising funds and borrowing*

#### **8 Proportion of liabilities to be in form of shares.**

- (1) Subject to subsection (2) below, a building society shall secure that the amount of the principal of, and interest payable on, sums deposited with the society does not at any time exceed 50 per cent. of the aggregate of that amount and the principal value of, and interest payable on, shares in the society.
- (2) The following liabilities shall be disregarded for the purposes of this section—
  - (a) deposits of such descriptions as may be prescribed for those purposes by the Commission by order made with the consent of the Treasury,
  - (b) deferred shares, and
  - (c) loans made to the society in accordance with an authority given by the Commission under section 33.
- (3) In determining for the purposes of subsection (1) above the liabilities in respect of deposits of a building society with which another body corporate is associated there shall, subject to subsection (5) below, be attributed to the society, in accordance with aggregation rules made by the Commission with the consent of the Treasury under this subsection, the whole or part of the liabilities of whatever description of the associated body, as provided in the rules and subject to any exception provided in the rules.
- (4) The power to make aggregation rules under subsection (3) above includes power to make—
  - (a) different rules for different circumstances,
  - (b) provision for liabilities of societies to be disregarded, and
  - (c) such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.

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*Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.*

**Changes to legislation:** Building Societies Act 1986, Section 8 is up to date with all changes known to be in force on or before 20 September 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)

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- (5) The Commission may, on the application of a building society, approve rules to be applied for the purposes of subsection (1) above for the attribution to the society of liabilities of bodies associated with the society; and so long as the rules continue to be approved by the Commission they, and not the aggregation rules in force under subsection (3) above, shall apply for the attribution of liabilities for the purposes of subsection (1) above.
- (6) If a building society receives deposits in excess of the limit permitted under this section the powers conferred on the Commission by section 36 shall become exercisable in relation to the society, but exceeding the limit shall not affect the validity of transactions effected in excess of it.
- (7) The power to make an order under subsection (2)(a) or rules under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

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**Modifications etc. (not altering text)**

C1 S. 8(1) modified (*temp.*) by S.I. 1986/2168, art. 8(2)

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