



Banking Act 2009

2009 CHAPTER 1

PART 1

SPECIAL RESOLUTION REGIME

[^{F1}CHAPTER 5

SPECIAL CASES]

Building societies, &c.

[^{F1}84D. [^{F2}Transfer to a bridge bank or] Bail-in option: modifications of this Act and other legislation

[Where a share transfer instrument makes provision under section 84ZA(2) with respect ^{F3}(A1) to a building society, the second stabilisation option is to be exercised by making (in that or a subsequent share transfer instrument) provision under section 12(2)(a)—

- (a) with respect to the successor company, or
- (b) where provision made under section 84ZA includes provision under subsection (3)(g) of that section, with respect to the successor company or its specified parent undertaking.]

(1) Where a resolution instrument makes provision under section 84A(5) with respect to a building society, the exercise of the fourth stabilisation option involves the making (in that or a subsequent resolution instrument) of provision or proposals of any kind mentioned in section 12A(3) to (6)—

- (a) with respect to the successor company, or
- (b) where provision made under section 84A includes provision under subsection (8) of that section, with respect to the successor company or its specified parent undertaking.

(2) For the purpose of the making of [^{F4}provision as mentioned in subsection (A1)(a) or (b) or] provision or proposals as mentioned in subsection (1)(a) or (b)—

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- (a) the Table in section 84 does not apply, and
- (b) the provisions in the first column of the following Table apply [^{F5}where relevant] —
- (i) in relation to the successor company, or
 - (ii) in a case within subsection [^{F6}(A1)(b) or] (1)(b), in relation to the successor company or its specified parent undertaking,
- as they apply in relation to a bank, but subject to the modifications in the third column of the Table.

Table

<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 12A	Bail-in option	<p>Treat references in subsection (4) to securities issued by a specified bank as references to securities issued by the building society, or by the successor company or its specified parent undertaking.</p> <p>For subsection (8) substitute—</p> <p>“(8) Subsection (8ZA) applies where—</p> <ol style="list-style-type: none"> (a) the Bank of England has exercised the power in subsection (4) to transfer securities to a resolution administrator; or (b) by virtue of section 84A, 84B or 84C securities of a successor company or a specified parent undertaking are held by— <ol style="list-style-type: none"> (i) the resolution administrator, (ii) the Bank of England, (iii) a subscriber to the memorandum of association of a company into which the building society is converted in accordance with section 84B, or (iv) a person nominated for the purposes of section 84C(1)(c). <p>(8ZA) The Bank of England must exercise its functions under this Part (see, in particular, section 48V) with a view to ensuring that any securities—</p> <ol style="list-style-type: none"> (a) held by a person in the capacity of a resolution administrator, (b) held by the Bank of England, (c) held by a person as a result of being a subscriber to the memorandum of association of a company into which the building society is converted in accordance with section 84B,

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Section	Topic	Modification
		(d) held by a person as a result of being nominated by the Bank of England for the purposes of section 84C(1)(c), are so held only for so long as is, in the Bank of England’s opinion, appropriate having regard to the special resolution objectives.”.
Section 12AA	Bail-in: sequence of write-down and conversion of capital instruments and liabilities	In relation to the result to be achieved, treat any reference to an instrument or liability of the bank as a reference to an instrument or liability of the building society immediately before the making of the first resolution instrument under section 84A in respect of it.
[^{F7} Section 15	Share transfer instruments	Treat references in subsection (1) to securities issued by a specified bank as references to securities issued by the building society, or by the successor company or its specified parent undertaking.]
Section 17	Effect of transfer	
Section 18	Continuity	
[^{F8} Section 19	Conversion and delisting	
Section 20	Directors and senior managers	Treat references to a director or senior manager of a specified bank as references to a director or senior manager of the building society or of the successor company or its specified parent undertaking. In subsection (1A) treat the reference to a specified bank as a reference to the building society or its successor company.
Section 21	Ancillary instruments: production, registration etc	
Section 21	Incidental provision	
Section 24	Procedure: instruments	On the first occasion on which the power to make a share transfer instrument is exercised in relation to a building society, treat the references in this section to a bank as a reference to a building society.
Section 26	Supplemental Instruments	Treat the reference in subsection (3) to securities issued by the bank as a reference to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 26ZA	Onward share transfer instruments	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 30	Resolution company: share transfers	
Section 31	Resolution company: reverse share transfer]	
Section 41A, and any other provision so far as relating to property transfer instruments under section 41A(2)	Transfer of property subsequent to resolution instrument	
[^{F9} Section 44D and any other provision so far as relating to property transfer instruments under section 44D	Transfer of property subsequent to share transfer instrument	Section 44D also applies where the Bank of England has made a share transfer instrument in accordance with section 12(2) which provides for the conversion of the building society under section 84ZA(2).]
Section 48B	Special bail-in provision	The provision that may be made in accordance with section 48B(1)(b) (see also rule 3(a) and (b) of section 48B(5)) includes provision replacing a liability (of any form) of the building society or its successor company with a liability of the successor company’s specified parent undertaking.
Section 48C	Meaning of “protected deposit”	
Section 48D	General interpretation of section 48B	
Section 48E	Report on special bail-in provision	
Section 48F	Power to amend definition of “excluded liabilities”	
Section 48G	Priority between creditors	Treat the reference in subsection (1) to the treatment of liabilities on an insolvency as a reference to the treatment of liabilities on the insolvency of a building society.

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 48H	Business reorganisation plans	Treat the reference in subsection (2)(a) to the bank as a reference to the building society.
Section 48L	Powers in relation to securities	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 48N	Directors and senior managers	Treat references to a director or senior manager of a specified bank as references to a director or senior manager of the building society or of the successor company or its specified parent undertaking.
Section 48O	Directions in or under resolution instrument	Treat references to a director of the bank as references to a director of the building society or of the successor company or its specified parent undertaking.
Section 48P	Orders for safeguarding certain financial arrangements	
Section 48Q	Continuity	
Section 48R	Execution and registration of instruments etc.	
Section 48S	Resolution instruments: general matters	
Section 48T	Resolution instruments: procedure	On the first occasion on which the power to make a resolution instrument is exercised in relation to a building society, treat the first reference in subsection (1) to a bank as a reference to the building society.
Section 48U	Supplemental resolution instruments	Treat the reference in subsection (1) to a bank as a reference to the building society.
Section 48V	Onward transfer	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 48W	Reverse transfer	Treat references to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 48X	Replacement of Bank's provisional valuation	Treat the first reference in subsection (2)(a) to the bank as a reference to the building society.

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
Section 48Y	Consequences of a replacement valuation	Treat the first reference in subsection (1) to the bank as a reference to the building society.
Section 48Z	Termination rights etc.	This section applies to contracts and other agreements entered into by the building society or by the successor company or its specified parent undertaking.
Section 49	Compensation orders	Treat references to transferors as including references to the shareholding members of the building society.
[^{F10} Section 52	Transfer to resolution company]	
Section 52A	Compensation orders: bail-in option	
Section 53	Onward and reverse transfers etc.	
Section 54	Independent valuer: compensation scheme order or bail-in compensation order	
Section 55	Independent valuer: supplemental	
Section 56	Independent valuer: money	
Section 57	Valuation principles	Treat the reference in subsection (4) to a bank as a reference to the building society. Treat the reference in subsection (5) to a transferor as including a reference to a shareholding member of the building society.
Section 58	Resolution fund	
Section 59	Third party compensation: discretionary provision	Treat the reference in subsection (1) to a transferor as including a reference to a shareholding member of the building society.
Section 60A	Further mandatory provision: bail-in provision	
Section 60B	Principle of no less favourable treatment	Treat references to pre-resolution shareholders and creditors of a bank as references to persons who were shareholding members of, or creditors of, the building society, immediately before the coming into effect of the first resolution instrument to be made in respect of the building society.

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
		Treat references to the bank as references to the building society.
Section 61	Sources of compensation	
Section 62	Procedure	
Section 62A	Independent valuer: sections 6E and 48X	
Sections 62B to 62E	Resolution administrator	
Sections 63, 64 and 66 to 70 where they apply in relation to [F11 a share transfer instrument or] a resolution instrument or in relation to a property transfer instrument under section 41A(2)	Continuity obligations	Treat references in sections 66(1A) and 68(1)(a) to securities issued by the bank as references to securities issued by the building society or by the successor company or its specified parent undertaking.
Section 70A	Suspension of obligations	
Section 70B	Restriction of security interests	
Section 70C	Suspension of termination rights	
Section 70D	Suspension: general provisions	
Section 71	Pensions	This section applies in relation to a pension scheme of the building society or of the successor company.
Section 73	Disputes	
Section 74	Tax	This section enables regulations to make provision in relation to the building society, the successor company or its specified parent undertaking.
Section 75	Power to change law	Treat the reference in subsection (5)(b) to building societies as including a reference to successor companies and their specified parent undertakings.

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<i>Section</i>	<i>Topic</i>	<i>Modification</i>
[^{F12} Section 78]	Public funds: general]	
Section 78A	Pre-conditions for financial assistance: duty of Bank to give information	
[^{F13} Section 79]	Public funds: resolution company	Treat the reference in subsection (1) to a bank as a reference to a building society or its successor company.
Section 80	Resolution company: report	Treat the reference in subsection (1) to a bank as a reference to a building society or its successor company.]
Section 80A	Transfer for bail-in purposes: report	Treat the reference in subsection (1) to a bank as a reference to the building society.
Section 81A	Accounting information to be included in reports under sections 80, 80A(2)(b) and 81	
Sections 83ZA to 83Z2	Information, investigation and enforcement	
Section 89K	Insolvency proceedings	Treat the references in paragraphs (a) and (b) of subsection (1) to a relevant firm as references to the building society.
Section 89L	Restrictions on disclosure of confidential information	
Section 89M	Giving of notices, documents etc. under Part 1	

(3) Any statutory instrument made under a provision specified in the first column of the Table in subsection (2) applies—

- (a) to the successor company, or
- (b) in a case within subsection [^{F14}(A1)(b) or] (1)(b), to the successor company or the specified parent undertaking,

as it applies in relation to a bank, but subject to modifications corresponding to those applying to the provision under which it is made and as if references to a provision modified by subsection (2) or (5) were references to that provision as so modified.

(4) Subsection (3) does not apply where the instrument—

- (a) states that it does not apply, or
- (b) makes express provision about building societies or their successor companies.

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(5) Where a resolution instrument makes provision under section 84A in respect of a building society—

(a) section 81BA (groups: bail-in option) applies with the following modifications—

(i) references to a banking group company are to be read as references to a subsidiary of the building society, and

(ii) the power in subsection (1) of that section is to be exercised only where the Bank of England has exercised the stabilisation power in accordance with section 12A(2) in respect of the parent building society;

(b) section 81CA applies as if references to a banking group company were references to a subsidiary of the building society or of the successor company; and

(c) section 81D (interpretation: “banking group company”) does not apply.

[Where—

^{F15}(5A) (a) the third stabilisation option is exercised in connection with the fourth stabilisation option in respect of a building society, and

(b) before the third stabilisation option is exercised—

(i) the building society is converted into a company pursuant to section 84A(5)(a), or

(ii) all the property, rights and liabilities of the building society are transferred to a company pursuant to section 84A(5)(b),

the references to the bank in section 12ZA(1)(a) and any other provision so far as relating to property transfer instruments under section 12ZA include a reference to the successor company.]

(6) Sections 97 to 102D of the Building Societies Act 1986 (transfer of business of building society to commercial company) do not apply where

[a share transfer instrument makes provision under section 84ZA, or

^{F16}(a)

(b)] a resolution instrument makes provision under section 84A.

(7) Section 103 of the Building Societies Act 1986 (cancellation of registration) does not apply where

[a share transfer instrument makes provision under section 84ZA(3)(e), or

^{F17}(a)

(b)] a resolution instrument makes provision under section 84A(7)(e).

(8) In this section—

“company” means a company as defined in section 1(1) of the Companies Act 2006 which is a public company limited by shares;

“specified parent undertaking” means a company by which in accordance with provision falling within [^{F18}paragraph (g) of section 84ZA(3) or] paragraph (a) or (b) of section 84A(8) the successor company is (or is to be) wholly owned;

“the successor company”, in relation to a building society, means the company into which the building society is converted, or to which the property, rights and liabilities of the building society are transferred, as a result of provision made under section [^{F19}84ZA(2) or] 84A(5).]

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Textual Amendments

- F1** Ss. 84A-84D inserted (10.1.2015) by [The Building Societies \(Bail-in\) Order 2014 \(S.I. 2014/3344\)](#), arts. 1, **2(3)**
- F2** Words in s. 84D heading inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(10)**
- F3** S. 84D(A1) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(2)**
- F4** Words in s. 84D(2) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(3)(a)**
- F5** Words in s. 84D(2)(b) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(3)(b)(i)**
- F6** Words in s. 84D(2)(b)(ii) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(3)(b)(ii)**
- F7** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(a)**
- F8** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(b)**
- F9** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(c)**
- F10** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(d)**
- F11** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(e)**
- F12** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(f)**
- F13** Words in s. 84D(2) Table inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(4)(g)**
- F14** Word in s. 84D(3)(b) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(5)**
- F15** S. 84D(5A) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(6)**
- F16** Words in s. 84D(6) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(7)**
- F17** Words in s. 84D(7) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(8)**
- F18** Words in s. 84D(8) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(9)(a)**
- F19** Words in s. 84D(8) inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **22(9)(b)**

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(8A)(8B) inserted by [2012 c. 21 s. 96\(3\)](#)
- s. 8(2)(d) and word inserted by [2012 c. 21 s. 96\(4\)\(b\)](#)