

*Status: Point in time view as at 09/08/2019.*

*Changes to legislation: There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Exclusion of small business deposits from funding limit. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 9

#### BUILDING SOCIETIES

##### *Exclusion of small business deposits from funding limit*

- 2 (1) Section 7 (the funding limit) is amended as follows.
- (2) In subsection (3), omit the “and” at the end of paragraph (a) and after that paragraph insert—
- “(aa) subject to subsection (3A), the principal of, and interest accrued on, sums deposited with the society or any subsidiary undertaking of the society by a small business (see subsection (10));”.
- (3) After subsection (3) insert—
- “(3A) In respect of any day by reference to which the value of X falls to be calculated for the purposes of subsection (1) in relation to the society, the total amount to be disregarded under subsection (3)(aa) may not exceed 10% of the amount that would, in the absence of subsection (3)(aa), be the value of X on that day.”
- (4) After subsection (6) insert—
- “(6ZA) Where a person declares that the person is a small business, the person shall, unless the contrary is shown, be conclusively presumed for the purposes of this section to be a small business.”
- (5) After subsection (9) insert—
- “(10) In this section “small business” means any person (other than an individual acting as a sole trader) carrying on a business which had a turnover in the relevant financial year of less than £1,000,000.
- (11) For the purposes of subsection (10)—
- the “relevant financial year”, in relation to any day by reference to which the value of X falls to be calculated for the purposes of subsection (1) in relation to a building society, means the last financial year ending before that day;
  - “turnover”, in relation to a small business, means the amount derived from the provision of goods and services falling within the business's ordinary activities, after deduction of trade discounts, value added tax and any other taxes based on the amounts so derived;
  - in respect of any relevant financial year, the reference to £1,000,000 includes the equivalent amount in any other currency, calculated as at the last day of that year.

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- (12) The Treasury may, by order made by statutory instrument, amend the figure for the time being specified in subsections (10) and (11)(c).
  - (13) A statutory instrument containing an order under subsection (12) is subject to annulment in pursuance of a resolution of either House of Parliament.”
- 3 (1) In article 3 of the Building Societies Act 1986 (Substitution of Specified Amounts and Modification of the Funding Limits Calculation) Order 2007 (S.I. 2007/860), in paragraph 3, for “the modification required by this article” substitute “ the modifications required by this article and by section 7(3)(aa) ”.
- (2) The amendment by this paragraph of a provision contained in subordinate legislation is without prejudice to any power to amend that provision by subordinate legislation.

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