

## STATUTORY INSTRUMENTS

1986 No. 2152

## BUILDING SOCIETIES

**The Building Societies (Mergers) Regulations 1986***Made* - - - 8th December 1986*Laid before Parliament* 10th December 1986*Coming into Operation* 1st January 1987

The Building Societies Commission, in exercise of the powers conferred on it by section 96(5) of the Building Societies Act 1986(a) and with the consent of the Treasury, hereby makes the following Regulations:—

*Citation and commencement*

1. These Regulations may be cited as the Building Societies (Mergers) Regulations 1986 and shall come into operation on 1st January 1987.

*Interpretation*

2. In these Regulations —

“the Act” means the Building Societies Act 1986;

“merger” means an amalgamation of building societies under section 93 of the Act or a transfer of engagements of one building society to another under section 94 of the Act;

“participating society” means a building society which is party to a merger.

*Limit relating to bonuses to members*

3.—(1) Where the terms of a merger so provide, a distribution of funds may be made in consideration of the merger among any of the members of any of the participating societies, subject to the limit specified in paragraph (2) below.

(2) The maximum distribution that may be made among members of any one society under paragraph (1) above is a sum equal to one per cent. of the value of that society's total assets.

(3) For the purposes of paragraph (2) above, the value of a society's total assets is their value as stated in any statement relating to the merger sent under Part I of Schedule 16 to the Act (which includes a provision requiring that statement to state the financial position of the society).

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(a) 1986 c.53.

In witness whereof the common seal of the Building Societies Commission is hereunto fixed, and is authenticated by me, a person authorised under paragraph 14 of Schedule 1 to the Building Societies Act 1986, on 8th December 1986.

L.S.

*G. M. Binns,*  
Secretary to the Commission.

We consent to this Order.  
8th December 1986.

*Mark Lennox-Boyd,*  
*Michael Neubert,*  
Two of the Lords Commissioners  
of Her Majesty's Treasury.

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#### EXPLANATORY NOTE

*(This Note is not part of the Order.)*

Section 96 of the Building Societies Act 1986 provides that an amalgamation of, or transfer of engagements between, building societies may be on terms under which a bonus is to be distributed among members of one or more of the societies participating in the amalgamation or transfer. If the amount to be paid does not exceed a limit prescribed in regulations, the payment need only be approved by a resolution of the members of the society whose funds are to be distributed; if it exceeds that limit, approval by resolutions of each of the participating societies is required. These Regulations prescribe the relevant limit, which is that the amount distributed to members of any one society shall not exceed one per cent. of the value of that society's total assets.

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