
STATUTORY INSTRUMENTS

1987 No. 2133

BUILDING SOCIETIES

The Building Societies (Aggregation) Rules 1987

Made - - - - *8th December 1987*
Laid before Parliament *10th December 1987*
Coming into force - - *31st December 1987*

The Building Societies Commission, with the consent of the Treasury, in exercise of the powers conferred on it by sections 7(10), 8(3) and 20(9) of the Building Societies Act 1986(1), and of all other powers enabling it in that behalf, hereby makes the following Rules:

Title and Commencement

1. These Rules may be cited as the Building Societies (Aggregation) Rules 1987 and shall come into force on 31st December 1987.

Interpretation

2. In these Rules—

“the Act” means the Building Societies Act 1986;

“deposit liabilities” means liabilities in respect of deposits and, in relation to the deposit liabilities of an associated body of a society, “relevant deposit liabilities” means deposit liabilities which are neither represented by assets of the society nor incurred in the course of providing a service for the time being specified in Part I of Schedule 8 (Provision of Services) to the Act;

“non-retail liabilities”, in respect of a society, means liabilities in respect of its non-retail funds and deposits;

“retail liabilities”, in respect of a society, means liabilities, other than non-retail liabilities, in respect of shares in or money deposited with it; and

“society” means a building society.

Aggregation of liabilities

3. Subject to Rule 5 below, where a society has an associated body and that associated body has deposit liabilities, then—

- (a) in determining for the purposes of section 7(3) of the Act (limits on percentage of non-retail funds and deposits) the liabilities of the society—
 - (i) those relevant deposit liabilities of the associated body which, were they liabilities of the society, would be non-retail liabilities of the society shall be attributed to the society as non-retail liabilities, and
 - (ii) those relevant deposit liabilities of the associated body which, were they liabilities of the society, would be retail liabilities of the society shall be attributed to the society as retail liabilities,
- (b) in determining for the purposes of section 8(1) of the Act (limits on percentage of deposits) the liabilities of the society in respect of deposits, the relevant deposit liabilities of the associated body shall be attributed to the society as liabilities in respect of deposits, and
- (c) in making those determinations for the purposes of both section 7(3) and section 8(1) of the Act, liabilities of the society which are represented by assets of the associated body shall be disregarded to the extent that they are in amount equal to or less than the aggregate of—
 - (i) deposit liabilities of the associated body attributed to the society under this Rule, and
 - (ii) liabilities of the associated body which are represented by assets of the society.

Aggregation of assets

4. Subject to Rule 5 below, where a society has an associated body and that associated body has assets which, were they assets of the society, would be class 3 assets for the purposes of section 20 of the Act (limits on percentages of classes of assets), then, in determining for the purposes of that section the asset holding of the society—

- (a) those assets of the associated body shall be attributed to the society as class 3 assets,
- (b) class 3 assets of the society which are represented by liabilities of the associated body shall be disregarded to the extent that they are in amount equal to or less than the aggregate of those assets of the associated body, and
- (c) class 2 assets of the society which are represented by liabilities of the associated body shall be disregarded to the extent that they are in amount equal to or less than the amount left by subtracting from that aggregate of those assets of the associated body any amount of class 3 assets of the society disregarded under paragraph (b) above.

Exceptions

5. Nothing in Rule 3 or 4 above shall apply in the case of an associated body of a society where that associated body is a body within the description of section 18(2)(b) of the Act (corresponding European bodies) or is a body or description of body (other than a housing association or a housing trust) designated in the Building Societies (Designation of Qualifying Bodies) Order 1986(2).

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 7th December 1987.

L.S.

D. B. Severn
Secretary to the Commission

We consent to these Rules.

Tony Durant
David Lightbown
Two of the Lords Commissioners of Her
Majesty's Treasury

8th December 1987

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Rules)

These Rules provide for aggregation of assets and liabilities of associated bodies of a building society with those of the society for the purpose indicated below.

By virtue of sections 7, 8 and 20 of the Building Societies Act 1986, a building society is subject to statutory limits in respect of certain assets and liabilities. Thus no more than 20 per cent of its total share and deposit liabilities may be non-retail (a term which approximates to liabilities to bodies corporate rather than individuals); no more than 50 per cent of its total share and deposit liabilities may be represented by deposits; no more than 5 per cent of its commercial assets may be class 3 assets (generally commercial assets other than advances secured on land).

These Rules aggregate with assets and liabilities of societies, for statutory limit purposes, corresponding assets and liabilities of associated bodies and provide for the disregarding (in cases where aggregation applies) of assets of societies represented by liabilities of relevant associated bodies and liabilities of societies represented by assets of relevant associated bodies. These Rules do not apply to bodies established to lend on property in other European Community member states or to certain named bodies designated as suitable for investment and support by building societies for the purpose of operation of limited credit facilities and money transmission services.