
STATUTORY INSTRUMENTS

1991 No. 2582

The Building Societies (Prescribed Contracts) (Amendment) Order 1991

Amendment of the previous Order

2. The Building Societies (Prescribed Contracts) Order 1988(1) shall be amended as follows:

(1) by the omission in article 2(1)—

(a) (i) from (b) in the definition of “prescribed contract” of the words “sterling interest rate”, and

(ii) from (d) in that definition of the word “sterling”; and

(b) from the definition of “security” of the words “or societies of particular descriptions” and “sterling”;

(2) by the omission in article 3(1) of the words “subject to paragraph (2) below.”;

(3) by the omission of article 3(2);

(4) by the repeal in the Schedule of Part I and its replacement by the following:—

“PART I

TERMS FOR SWAP CONTRACTS

A society agrees with a participant (whether in a single agreement with him or by a series of agreements to at least one of which he is a party) that each will pay money to or to the order of the other on terms which are calculated to substitute for a cash flow of the society a different cash flow, whether the difference lies in the number or frequency of the payments or receipts (or combination of payments and receipts) comprising the cash flows, in the interest rates by which such payments or receipts are calculated, in the currency in which such payments are made or receipts are taken, or in any combination of those factors.”;

(5) by the deletion from Part II of the Schedule of the words “STERLING INTEREST RATE”, and wherever they occur, of the words “in sterling”;

(6) by the deletion in the Schedule of Part IV and its replacement by the following—

“PART IV

TERMS FOR INTEREST RATE FORWARD AND FUTURES CONTRACTS

1. A society agrees with a participant (whether by a single agreement with him or by a series of agreements to at least one of which he is a party) that one party to the agreement will at specified times:

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- (a) pay to or receive from the other a sum or sums of money where the amount (if any) to be paid is to be determined by reference to the extent to which specified rates of interest or specified prices differ as between the beginning and the end of specified periods or at a specified time or times, or at specified times fall outside a specified range of interest rates or prices; and, or alternatively,
- (b) transfer to the other a holding or holdings of securities in return for a sum or sums of money where the amount, if any, to be paid is to be determined by reference to the extent to which specified rates of interest or specified prices differ as between the beginning and the end of specified periods or at a specified time or times, or at specified times fall outside a specified range of interest rates or prices.

2. In this Part of this Schedule, “securities” means securities issued by the government of any member State of the European Community or of Canada, Japan, Sweden, Switzerland and the United States of America.”.