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STATUTORY INSTRUMENTS

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**1993 No. 2706**

**BUILDING SOCIETIES**

**The Building Societies (Designation of Qualifying Bodies) (No. 3) Order 1993**

|                               |         |                          |
|-------------------------------|---------|--------------------------|
| <i>Made</i>                   | - - - - | <i>29th October 1993</i> |
| <i>Laid before Parliament</i> |         | <i>3rd November 1993</i> |
| <i>Coming into force</i>      | - -     | <i>1st December 1993</i> |

The Building Societies Commission, with the consent of the Treasury, in exercise of the powers conferred on it by section 18(2)(c) and (3) of the Building Societies Act 1986<sup>(1)</sup>, and of all other powers enabling it in that behalf, hereby makes the following Order:

**Title and commencement**

1. This Order may be cited as the Building Societies (Designation of Qualifying Bodies) (No. 3) Order 1993 and shall come into force on 1st December 1993.

**Interpretation**

2. In this Order, except where the context otherwise requires—

“the Act” means the Building Societies Act 1986;

“body” means the body corporate individually specified or a body corporate of a description specified in column 1 of Part I of the Schedule to this Order;

“the relevant power”, in relation to a body, means the power for the exercise of which, as specified in column 3 of Part I of the Schedule to this Order, that body is designated as suitable, and

“society” means a building society.

**Designation of bodies corporate**

3.—(1) The body corporate individually specified or each body corporate of a description specified in column 1 of Part I of the Schedule to this Order is designated for the purposes of section 18 of the Act (power to invest in subsidiaries and other associated bodies) and within that Part of that Schedule—

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(1) 1986 c. 53.

- (a) the corresponding item in column 2 specifies, if that body is individually specified, the body's registration number under the Companies Act 1985(2) or, in the case of every other body, the meaning of the description so specified in column 1 for the purposes of this Order;
  - (b) the corresponding item in column 3 specifies whether that body is designated—
    - (i) as suitable for investment and support, (and not for support in the absence of investment), or
    - (ii) as suitable for investment and support or support,
 for the avoidance of doubt a society may invest in a body without giving that body support notwithstanding which of the powers referred to in sub-paragraphs (i) and (ii) above is exercised by a society;
  - (c) the corresponding item (if any) in column 4 specifies the purposes for which (in addition to the purposes permitted by section 18(4) of the Act) the exercise of the relevant power by a society is permitted in relation to that body, and
  - (d) the corresponding item in column 5 specifies the limits (if any) on the extent to which, and the conditions (if any) subject to which, the exercise of the relevant power by a society is permitted in relation to that body.
- (2) Part II of the Schedule to this Order shall have effect—
- (a) so as to supplement Part I thereof, and
  - (b) in respect of the interpretation of that Schedule.

### **Revocation and savings**

4.—(1) Subject to paragraph (2) below, the Building Societies (Designation of Qualifying Bodies) Order 1990(3), the Building Societies (Designation of Qualifying Bodies) Order 1991(4), the Building Societies (Designation of Qualifying Bodies) (Amendment) Order 1991(5), the Building Societies (Designation of Qualifying Bodies) (No. 2) Order 1991(6), the Building Societies (Designation of Qualifying Bodies) Order 1992(7), the Building Societies (Designation of Qualifying Bodies) (No. 2) Order 1992(8), the Building Societies (Designation of Qualifying Bodies) (No. 3) Order 1992(9), and the Building Societies (Designation of Qualifying Bodies) (No. 4) Order 1992(10) are hereby revoked.

(2) Any power which has been adopted for the purposes of any Order revoked by this Order may be exercised by a society as long as that power continues to be specified in that society's memorandum, but, notwithstanding the foregoing, that power shall cease to be exercisable three years after the date this Order comes into force.

### **Amendments of the Building Societies (Designation of Qualifying Bodies) Order 1993**

5. The Building Societies (Designation of Qualifying Bodies) Order 1993(11) shall be amended in Schedule 1 as follows—

- (1) in column 2 of Part I by—

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- (2) 1985 c. 6.
  - (3) S.I. 1990/1434, amended by S.I. 1993/985.
  - (4) S.I. 1991/357, amended by S.I. 1993/985.
  - (5) S.I. 1991/1358.
  - (6) S.I. 1991/2581, amended by S.I. 1993/985.
  - (7) S.I. 1992/649, amended by S.I. 1993/985.
  - (8) S.I. 1992/650, amended by S.I. 1993/985.
  - (9) S.I. 1992/651, amended by S.I. 1993/985.
  - (10) S.I. 1992/652, amended by S.I. 1993/985.
  - (11) S.I. 1993/985, (designating funding bodies).

- (a) deleting the words “which is a subsidiary of the society,” and
  - (b) in paragraph (a) by substituting for the words “borrowing money and receiving deposits” the words “borrowing money or receiving deposits, or both,”;
- (2) in Part II by–
- (a) substituting for paragraph 2 the following new paragraph:
    - “2. In this Schedule “the standard asset provision” means a condition to the effect that–
    - (a) the relevant power is not available to a society which does not for the time being have a qualifying asset holding, unless the society is one to which sub-paragraph (b) below applies;
    - (b) the society is a successor to two or more societies which have amalgamated and that society does not have a qualifying asset holding by reason only that it does not have any annual accounts as referred to in section 118(2) of the Act, provided that at least one society to which the amalgamated society is a successor had a qualifying asset holding immediately before the specified date referred to in section 93(3)(b) of the Act;
    - (c) the cessation of the availability of the relevant power to such a society as is referred to in sub-paragraph (a) or (b) above because that society no longer has a qualifying asset holding does not require the disposal of any property or rights.”;
  - (b) in paragraph 4 by–
    - (i) deleting “or” in paragraph (c);
    - (ii) by inserting “the issued” before “shares” and substituting “support, or” for “support.” in paragraph (d), and
    - (iii) inserting the following new paragraph after paragraph (d):
      - “(e) it raises non-retail funds and deposits within the meaning of section 7(4) of the Act and is not a subsidiary of that society.”.

### **Amendments of the Building Societies (Designation of Qualifying Bodies) (No. 2) Order 1993**

**6.** The Building Societies (Designation of Qualifying Bodies) (No. 2) Order 1993(12) shall be amended in Part II of the Schedule as follows:

- (1) in paragraph 1 by substituting for paragraph 1 the following new paragraph:
  - “1. In this Schedule “the standard asset provision” means a condition to the effect that–
  - (a) the relevant power is not available to a society which does not for the time being have a qualifying asset holding, unless the society is one to which sub-paragraph (b) below applies;
  - (b) the society is a successor to two or more societies which have amalgamated and that society does not have a qualifying asset holding by reason only that it does not have any annual accounts as referred to in section 118(2) of the Act, provided that at least one society to which the amalgamated society is a successor had a qualifying asset holding immediately before the specified date referred to in section 93(3)(b) of the Act;
  - (c) the cessation of the availability of the relevant power to such a society as is referred to in sub-paragraph (a) or (b) above because that society no longer has a qualifying asset holding does not require the disposal of any property or rights.”;
- (2) by substituting for paragraph 3 the following new paragraph:

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(12) S.I. 1993/989, (designating mortgage indemnity insurance bodies).

“3. In this Schedule “a single tier organisation” is a body which does not have the capacity to hold 5% or more of the issued shares or corresponding membership rights in another body corporate, and all the shares or corresponding membership rights which the body holds in another body corporate have been obtained by the body in the course of carrying on mortgage indemnity insurance business.”;

(3) in paragraph 4(1)–

- (a) in the definition of advance by inserting after the words “means any advance” the words “, or any loan corresponding to an advance,”;
- (b) by inserting after “society” in the definition of “mortgagor” the words “or any subsidiary of the society,”;

(4) by substituting for paragraph 4(2) the following new sub–paragraph–

“(2) In this Schedule, “carrying on mortgage indemnity insurance business” means entering into an agreement (“the agreement”) with a society or any subsidiary of a society, whereby the body, subject to the conditions specified below, agrees to indemnify the society, or, as the case may be, the subsidiary, against loss incurred by the society, or, as the case may be, the subsidiary, but, in respect of a subsidiary, only for loss incurred while that body corporate is a subsidiary of a society.”;

(5) in paragraph 4(3)(ii)–

- (a) by inserting after the words “the society” the words “, or, as the case may be, the subsidiary,”, and
- (b) by substituting for the words “in respect of which that advance has been made” the words “which was to secure that advance at the time that advance was made.”.

In witness whereof the common seal of the Building Societies Commission is hereto fixed, and is authenticated by me, a person authorised under paragraph 14 of Schedule 1 to the Building Societies Act 1986, on 21st October 1993.

*T. F. Mathews*  
Member of the Commission

We consent to this Order,

*Nicholas Baker*  
*Timothy Kirkhope*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

29th October 1993

SCHEDULE

Articles 2 and 3

PART I

BODIES CORPORATE DESIGNATED BY NAME OR DESCRIPTION

| Item | Column 1<br><i>Specified name or description</i> | Column 2<br><i>Specified registration number or definition</i> | Column 3<br><i>Specified relevant power</i> | Column 4<br><i>Specified purposes (if any)</i>      | Column 5<br><i>Specified limits and conditions (if any)</i>   |
|------|--|--|---|---|---|
| 1.   | Girobank plc                                     | 1950000  | Investment and support, or support.         | The specified purposes in relation to Girobank plc. | <p>(1) The standard asset condition.</p> <p>(2) The condition for investment in Girobank plc.</p> <p>(3) The lending certification condition for lending bodies modified so as to have effect—</p> <p>(a) as if Girobank plc were a lending body, and</p> <p>(b) as if paragraph 12(2) (b) and (c) of Part II of the Schedule did not apply—</p> <p>(i) to the making</p> |

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|------|--|--|---|--|---|
|------|--|--|---|--|---|

of any loan which a building society which holds shares in Girobank plc at the time when the loan is made would have power to make otherwise than as an advance secured on land or a syndicated loan; or  
(ii) to the making of any loan which, by

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|------|--|---|---|---|---|
| 2.   | Ancillary services body                          | A specified type of body corporate (being neither one excluded by relevant restrictions nor one designated either by specified name or description in any other item in column 1 of Part I of | Investment and support, or support.         | Enabling the ancillary services body to carry on any activity which is expedient or necessary for, and/or ancillary to, promotes or is conducive to the accomplishment of any activity or business, | The qualifying activities condition.                        |

virtue of paragraph 7(2)(c) of Part II of the Schedule, would not constitute an activity of Girobank plc falling within the range of activities from which a society is restricted.

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|------|--|--|---|---|---|
|      |  | <p>this Schedule, nor one so designated by any other order for the time being made under section 18 of the Act(13) ), formed for the purposes of or the objects of which include the carrying on of any activity which is expedient or necessary for, and/or ancillary, promotes or is conducive to the accomplishment of any activity or business, or both, which is within the powers of a society to carry on, or for the purpose of which a society may invest in and support, or support any associated body.</p> |   | <p>or both, which is within the powers of a society to carry on, or for the purpose of which a society may invest in and support, or support any associated body.</p> |   |
| 3.   | Estate agency body                               | A specified type of body corporate (not being one excluded   | Investment and support, or support.         | (1)Enabling the estate agency body to carry on estate agency work   | (1) The qualifying activities condition.                    |

(13) See S.I. 1993/985 (designating funding bodies), and S.I. 1993/989 (designating mortgage indemnity insurance bodies).



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|------|--|--|---|--|---|
|      |  | by relevant restrictions) formed for the purpose of, or the objects of which include, the carrying on of estate agency work.   |   | together with other activities so far as those other activities do not extend to activities referred to in paragraph 6(2) and (9) of Part II of this Schedule which would prevent a body corporate from being an estate agency body.<br><br>(Facilitating the provision of land services by the society or any associated body of the society. | (2) The business percentage condition for estate agency bodies.               |
| 4.   | Financial services body                          | A specified type of body corporate (not being one excluded by relevant restrictions) formed for the purpose of, or the objects of which include, the carrying on of relevant investment business in any member State and/or in any country or territory listed in paragraph 2(c) or (e) of Part II of this Schedule. | Investment and support, or support.         | (1) Enabling the financial services body to carry on relevant investment business in any member State and/or in any country or territory listed in paragraph 2(c) or (e) of Part II of this Schedule.<br><br>(Facilitating the provision of investment services by the society or any associated   | (1) The standard asset condition.<br>(2) The qualifying activities condition. |

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|------|--|---|---|--|---|
|      |  |   |   | body of the society.   |   |
| 5.   | General insurance body                           | A specified type of body corporate (not being one excluded by relevant restrictions) formed for the purpose of, or the objects of which include, the carrying on of insurance business of a class or classes specified in Part I of Schedule 2 (general business) to the Insurance Companies Act 1982(14) in any member State and/or in any country or territory listed in paragraph 2(c) or (e) of Part II of this Schedule. | Investment and support.                     | (1)Enabling the general insurance business of a class or classes specified in Part I of Schedule 2 (general business) to the Insurance Companies Act 1982 in any member State and/or in any country or territory listed in paragraph 2(c) or (e) of Part II of this Schedule.<br><br>(2)Facilitating the provision of insurance services by the society or any associated body of the society. | (1) The standard asset condition.<br>(2) The investment and support limit for general insurance bodies. |
| 6.   | Holding body                                     | A specified type of body corporate (not being one excluded by relevant restrictions) formed for the purpose of, or the objects of   | Investment and support.                     | Enabling the holding body to invest and support one or more bodies corporate which the society has power to invest in and  | The qualifying activities condition.  |

(14) 1982 c. 50; Part I of Schedule 2 was amended by S.I. 1987/2130.

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|------|--|--|---|--|---|
|      |  | which include, investment and support in one or more bodies corporate which the society has power to invest in and support, or support.  |   | support, or support.                           |   |
| 7.   | Housing association                              | A body corporate within the meaning of “housing association” in section 1 of the Housing Associations Act 1985 <sup>(15)</sup> or article 114 of the Housing (Northern Ireland) Order 1981 <sup>(16)</sup> . | Investment and support, or support.         |  | (1) The standard asset condition.<br>(2) The qualifying activities condition. |
| 8.   | Housing trust                                    | A body corporate within the meaning of “housing trust” in section 2 of the Housing Associations Act 1985 or article 114 of the Housing (Northern Ireland) Order 1981.  | Investment and support, or support.         |  | (1) The standard asset condition.<br>(2) The qualifying activities condition. |

<sup>(15)</sup> 1985 c. 69.

<sup>(16)</sup> S.I. 1981/156 (N.I. 3).

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|------|--|--|---|--|---|
| 9.   | Lending body                                     | A specified type of body corporate (not being one excluded by relevant restrictions) formed for the purposes of, or the objects of which include, the carrying on of any or all of the following activities— | Investment and support.                     | Enabling the lending body to carry on the activities described in paragraphs (a), (b), (c) and (d) of column 2 of this item. | (1) The lending certification condition for lending bodies.<br>(2) The qualifying activities condition. |
|      |  | <del>(a)</del> acquiring, holding and disposing of debts which are secured on land in the United Kingdom and/or in any country or territory for the time being designated by order under section 44 (power   |   |  |   |

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|------|--|--|---|---|--|
|      |  | to<br>make<br>advances<br>secured<br>on<br>land<br>overseas)<br>of<br>the<br>Act(17);  |   |   |  |
|      |  | (b) making<br>advances<br>on<br>the<br>security<br>of<br>such<br>land,   |   |   |  |
|      |  | (c) making<br>syndicated<br>loans,<br>and  |   |   |  |
|      |  | (d) acquiring,<br>holding<br>and<br>disposing<br>of<br>mortgage<br>finance<br>rights.  |   |   |  |
| 10.  | Life insurance<br>body                           | A specified<br>type of body<br>corporate<br>(not being<br>one excluded<br>by relevant<br>restrictions)<br>formed for the<br>purpose of,<br>or the objects<br>of which<br>include, the<br>carrying on | Investment<br>and support,<br>or support.   | (1)Enabling<br>the life<br>insurance body<br>to carry on<br>insurance<br>business of a<br>class specified<br>in Schedule 1<br>(long term<br>business) to<br>the Insurance<br>Companies<br>Act 1982 in | (1) The<br>standard asset<br>condition.<br>(2) The<br>qualifying<br>activities<br>condition. |

(17) See the Building Societies (Isle of Man) Order 1987 (S.I. 1987/1498); the Building Societies (Jersey) Order 1987 (S.I. 1987/1872); the Building Societies (Guernsey and Alderney) Order 1988 (S.I. 1988/1394); the Building Societies (Gibraltar) Order 1989 (S.I. 1989/1817), and the Building Societies (Member States) Order 1992 (S.I. 1992/1547).

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|------|--|---|---|---|--|
|      |  | of insurance business of a class specified in Schedule 1 (long term business) to the Insurance Companies Act 1982 <sup>(18)</sup> in any member State and/or in any country or territory listed in paragraph 2(c) or (e) of Part II of this Schedule. |   | any member State and/or in any country or territory listed in paragraph 2(c) or (e) of Part II of this Schedule.<br><br>(Facilitating the provision of insurance services by the society or any associated body of the society.   |  |
| 11.  | Payments services body                           | A body corporate (not being one excluded by relevant restrictions) formed for the purpose of, or the objects of which include, the carrying on of banking services.   | Investment and support, or support.         | (Facilitating the provision of banking services by the society or any associated body of the society.<br><br>(2)Enabling or facilitating the operation of facility accounts by the society or any associated body of the society. | The standard asset condition for the purpose of item (2) in column 4 of this item. |
| 12.  | Pension body                                     | A specified type of body corporate formed for the purpose of, or the objects of which include, the carrying on of the business  | Investment and support, or support.         | Enabling the pension body to act as trustee in respect of a pension scheme, other than one which requires the investment  | The qualifying activities condition.   |

<sup>(18)</sup> 1982 c. 50.

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|------|--|--|---|---|---|
|      |  | of acting as trustee in respect of pension schemes.            |   | of any of the funds within the scheme in shares in or deposits with a society of which the pension body which acts as trustee in respect of the scheme is a subsidiary. |   |

## PART II

### INTERPRETATION

#### Meaning of standard asset condition

1. In this Schedule “the standard asset condition” means a condition to the effect that—
  - (a) the relevant power is not available to a society which does not for the time being have a qualifying asset holding, unless the society is one to which sub-paragraph (b) below applies;
  - (b) the society is a successor to two or more societies which have amalgamated and that society does not have a qualifying asset holding by reason only that it does not have any annual accounts as referred to in section 118(2) of the Act, provided that at least one society to which the amalgamated society is a successor had a qualifying asset holding immediately before the specified date referred to in section 93(3)(b) of the Act;
  - (c) the cessation of the availability of the relevant power to such a society as is referred to in sub-paragraph (a) or (b) above because that society no longer has a qualifying asset holding does not require the disposal of any property or rights.

#### Meaning of specified type of body corporate

2. In this Schedule “specified type of body corporate” means a body corporate which is—
  - (a) a company or an industrial and provident society,
  - (b) a body corporate formed in a member State other than the United Kingdom,
  - (c) a body corporate formed in any of the following countries:  
Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland,

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- (d) except for the purposes of bodies specified in (e) below, a body corporate formed in a relevant British overseas territory (within the meaning of section 14 (power to make advances secured on land overseas<sup>(19)</sup>) of the Act, or
- (e) for the purposes of an ancillary services body, financial services body, general insurance body, life insurance body, or pension body a body corporate formed in the Channel Islands or the Isle of Man.

### Meaning of subordinate organisation

3.—(1) In this Schedule “subordinate organisation” is a body corporate in which another body corporate holds, directly or indirectly, 5% or more of the issued shares or corresponding membership rights.

(2) For the purpose of sub-paragraph (1) above—

- (a) “holds directly or indirectly” means that a body corporate holds shares or corresponding membership rights in another body corporate either directly or through another body corporate (or bodies corporate), or partly directly and partly through another body corporate (or bodies corporate);
- (b) methods the same as those set out in section 838 (subsidiaries) of the Income and Corporation Taxes Act<sup>(20)</sup> shall be used to determine an indirect holding as if references to “own” in that section are references to “hold”, and other derivatives of “own” shall be construed accordingly;
- (c) references to “ordinary share capital” in section 838 of the Income and Corporation Taxes Act shall be read as references to shares, or as the case may be, corresponding membership rights in a body corporate.

### Meaning of qualifying activities condition

4.—(1) In this Schedule “the qualifying activities condition” means a condition to the effect that—

- (a) where a society holds 5% or more of the issued shares or corresponding membership rights in a body and becomes aware that any subordinate organisation of that body is, for the time being, within the prohibited range, the society shall, as soon as it is conveniently practicable to do so without undue loss, dispose of sufficient of its shares or corresponding membership rights so that it ceases to hold 5% or more of the issued shares or corresponding membership rights in that body,
- (b) within four months after the end of each financial year of a body in which the society, at such financial year end, holds 15% or more of the issued shares or corresponding membership rights, the society shall satisfy itself whether, for such financial year, at least 60% of the gross income of that body, or if the body has any subordinate organisations, at least 60% of the consolidated gross income of the body and such subordinate organisations, is derived from carrying on qualifying activities, and
- (c) if, for two successive financial years of a body less than 60% of the gross income (or, if appropriate, consolidated gross income) is derived from carrying on qualifying activities, the society shall, as soon as it is conveniently practicable to do so without undue loss, dispose of sufficient of its shares or corresponding membership rights so that it ceases to hold 15% or more of the issued shares or corresponding membership rights in that body.

(19) See the Building Societies (Isle of Man) Order 1987 (S.I. 1987/1498); the Building Societies (Jersey) Order 1987 (S.I. 1987/1872); the Building Societies (Guernsey and Alderney) Order 1988 (S.I. 1988/1394); the Building Societies (Gibraltar) Order 1989 (S.I. 1989/1817), and the Building Societies (Member States) Order 1992 (S.I. 1992/1547).

(20) 1988 c. 1.



(2) For the purposes of sub-paragraph (1)(a) above, a body corporate comes within the prohibited range where it comes within a description in paragraph 6(2)(a) or (b) below.

(3) For the purposes of this paragraph “qualifying activities” means activities for the purpose of which a society has power to invest in or support a qualifying body. However activities which are qualifying activities only if they are undertaken together with estate agency work shall not be qualifying activities unless they are undertaken by an estate agency body.

### **Meaning of business percentage condition for estate agency bodies**

5.—(1) In this Schedule “the business percentage condition for estate agency bodies” means a condition to the effect that where a society holds directly or indirectly 15% or more of the issued shares or corresponding membership rights in an estate agency body—

- (a) for each financial year of the body ending more than 18 months after the acquisition of such shares or corresponding membership rights, within four months after the end of such financial year, the society shall satisfy itself whether at least 40% of the gross income of that body, unless paragraph (b) below applies, or, if an estate agency body has any subordinate organisations, that at least 40% of the consolidated gross income of that body and its subordinate organisations is derived from carrying on estate agency work in countries or territories where estate agency bodies may be incorporated;
- (b) if a society holds indirectly 15% or more of the issued shares or corresponding membership rights in an estate agency body which is a subordinate organisation of another estate agency body in which the society directly holds 15% or more of the issued shares or corresponding membership rights, the society need not calculate whether 40% of the gross income of the body in which it indirectly holds 15% or more of the issued shares or corresponding membership rights is derived from carrying on estate agency work in countries or territories where estate agency bodies may be incorporated;
- (c) if, in relation to an estate agency body to which paragraph (a) above applies, for two successive financial years of that estate agency body less than 40% of the gross income (or, if appropriate, consolidated gross income as referred to in paragraph (a) above), is derived from carrying on estate agency work, the society shall, as soon as it is conveniently practicable to do so without undue loss, dispose of sufficient of its shares or corresponding membership rights so that it ceases to hold, directly or indirectly, 15% or more of the issued shares or corresponding membership rights in that body.

(2) For the purposes of this Schedule “holds directly or indirectly” shall be construed in accordance with paragraph 3(2) above.

### **Meaning of relevant restrictions**

6.—(1) In this Schedule “relevant restrictions” means the provisions set out in sub-paragraph (2) below, and, where applicable, the provisions in sub-paragraphs (6), (7), (8) and (9) below.

- (2) Subject to sub-paragraphs (3) and (4) below a body corporate is not a body where—
  - (a) it is a market maker,
  - (b) it is an authorised institution, or its business requires it to be authorised, for the purposes of the Banking Act 1987(21), or it otherwise carries on a deposit taking business in the United Kingdom within the meaning of section 6 of that Act, or
  - (c) its business includes activities in the range from which the society is restricted within the meaning of paragraph 7 below.

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(21) 1987 c. 22.

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(3) Nothing in sub-paragraph (2) above shall prevent a body from being a general insurance body, and nothing in sub-paragraph 2(b) or (c) above shall prevent a body corporate from being a life insurance body.

(4) The restrictions in sub-paragraph (2) above do not apply to any body corporate in which the society directly holds less than 5% of the issued shares or corresponding membership rights.

(5) If a society becomes aware that a body corporate in which the society directly holds 5% or more of the issued shares or corresponding membership rights is for the time being excluded from being a body by any relevant restriction, the society shall, as soon as it is conveniently practicable to do so without undue loss, dispose of sufficient of its shares or corresponding membership rights so that it ceases to hold 5% or more of the issued shares or corresponding membership rights in that body corporate.

(6) A body corporate is not a life insurance body—

- (a) unless the body corporate is authorised or otherwise entitled to carry on insurance business of any class specified in Schedule 1 to the Insurance Companies Act 1982<sup>(22)</sup> in any member State or in any country or territory which is listed in paragraph 2(c) or (e) above, or (where applicable) a candidate for authorisation in any such member State, country or territory, or
- (b) if the body corporate or any subordinate organisation of the body corporate comes within the description of a general insurance body as specified in this Schedule.

(7) A body corporate is not a general insurance body unless the body is either authorised or otherwise entitled to carry on in any member State or in any country or territory which is listed in paragraph 2(c) or (e) above, or (where applicable) a candidate for authorisation in any such member State, country or territory, insurance business of any class specified in Part I of Schedule 2 to the Insurance Companies Act 1982<sup>(23)</sup>,

(8) A body corporate is not a financial services body unless the body corporate is an exempted person under the Financial Services Act 1986<sup>(24)</sup>, or an authorised person under that Act, or a candidate for authorisation under that Act, or otherwise authorised or entitled or a candidate for authorisation (where applicable) to carry on investment business in any member State or in any country or territory which is listed in paragraph 2(c) or (e) above.

(9) A body corporate is not an estate agency body if its business includes lending money, secured or unsecured, on its own account.

### **Meaning of activities in the range from which a society is restricted**

7.—(1) For the purposes of paragraph 6 above an activity of a body corporate is an activity in the range from which a society is restricted where it is an activity which the society could not undertake by reason of the fact that—

- (a) it has not adopted a particular adoptable power, whether because the power is not available to it or for any other reason;
- (b) in the case of a body corporate other than an estate agency body, the activity would be in contravention of a restriction upon the extent of a power the society has adopted, being either a restriction derived from the Act or any instrument under the Act or a restriction assumed by the society, or
- (c) in the case of an estate agency body, the activity would be in contravention of a restriction upon the extent of a power the society has adopted being either a restriction specified in

<sup>(22)</sup> 1982 c. 50.

<sup>(23)</sup> 1982 c. 50; Part I of Schedule 2 was amended by S.I. 1987/2130.

<sup>(24)</sup> 1986 c. 60.

Part III of Schedule 8 to the Act<sup>(25)</sup> and relating to a power to provide a financial service within the meaning of section 34(11) of the Act or a restriction assumed by the society.

(2) Notwithstanding sub-paragraph (1) above, an activity of a body corporate is not an activity within the range from which a society is restricted where it is an activity which comprises—

- (a) in the case of an ancillary services body which is a subsidiary of a society, bailment of chattels by such body to that society or to any of that society's subsidiaries in return for periodical payments by the society or any of the society's subsidiaries, where property in the chattel is vested in the ancillary services body and whether or not the terms of the bailment contain provision for the property in such chattel to become vested in the bailee, and
- (b) in the case of any body except Girobank plc, the continuation, during the first fifteen months following the date on which the body corporate first became an associated body of the society, of any activity carried on as part of the business of that body corporate immediately before that date, or
- (c) in the case of Girobank plc—
  - (i) holding shares in the office of the Banking Ombudsman, or
  - (ii) holding any debt owed by a local authority in Great Britain arising from a loan (other than a loan corresponding to an advance secured on land) made before the date Girobank plc became an associated body of the society.

### **Meaning of candidate**

8. For the purposes of this Schedule a body corporate is “a candidate for authorisation” in respect of the carrying on of any business if it has been formed with a view to being authorised in that respect and is applying or is taking steps to apply for authorisation in that respect.

### **Meaning of investment and support limit for general insurance bodies**

9.—(1) In this Schedule—

“the investment and support limit for general insurance bodies” means—

- (a) that the power to invest in a general insurance body may be exercised only to the extent that—
  - (i) the aggregate shareholding or corresponding membership rights in that body held by the society and the society's associated bodies and subordinate organisations will not thereby equal or exceed 15 per cent of the equity share capital or, as the case may be, 15 per cent of the corresponding membership rights of that body or otherwise cause the society, or the society and the society's associated bodies and subordinate organisations in combination, to be a controller of that body, or
  - (ii) the exercise of the relevant power does not cause the insurance body to become a subsidiary undertaking of the society, and
- (b) that the power to support a general insurance body does not include any form of guarantee of that body's liabilities.

(2) For the purposes of paragraph (a) above, “controller” shall have the meaning which it has in section 7 of the Insurance Companies Act 1982<sup>(25)</sup> as if such meaning applied to a general insurance body.

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<sup>(25)</sup> Schedule 8 to the Act was substituted by S.I. 1988/1141 and subsequently amended by S.I. 1989/839 and S.I. 1992/509.

<sup>(25)</sup> Schedule 8 to the Act was substituted by S.I. 1988/1141 and subsequently amended by S.I. 1989/839 and S.I. 1992/509.

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### **Meaning of specified purposes in relation to Girobank plc**

**10.** In this Schedule “the specified purposes in relation to Girobank plc” means any or all of the following purposes—

- (a) facilitating the provision of banking services by the society, by Girobank plc or any other associated body of the society, including, in the case of Girobank plc, the lending of money to the public on the security of land by loans corresponding to advances secured on land and the acceptance of deposits of money in the course of a deposit-taking business;
- (b) enabling Girobank plc to perform its obligations and to discharge its functions under any agreement entered into between the Secretary of State, the Post Office and Girobank plc in relation to the Universal Postal Union established on 10th July 1964 or any agreement or instrument made by and pursuant to that Union, and
- (c) enabling Girobank plc to acquire and hold liquid assets in accordance with the Building Societies (Liquid Asset) Regulations 1991<sup>(26)</sup> but with the word “deposit” in those regulations having the meaning in section 5 of the Banking Act 1987<sup>(27)</sup> which it would have for the purposes of that Act were not section 5(3)(a) and (c) (which excludes sums paid by banks and lending businesses) included therein.

### **Meaning of condition for investment in Girobank plc**

**11.—(1)** In this Schedule “the condition for investment in Girobank plc” means a condition to the effect that a society shall not acquire shares in Girobank plc where the society is aware, and shall dispose of such shares in Girobank plc as it holds as soon as it is conveniently practicable to do so without undue loss after the society has become aware, that Girobank plc—

- (a) has a subordinate organisation which is not within the prescribed range,
- (b) is a market maker, or
- (c) is carrying on activities in the range from which the society is restricted within the meaning of paragraph 7 above.

**(2)** For the purposes of sub-paragraph (1) above, a subordinate organisation comes within the prescribed range where it is—

- (a) a body corporate in which a society has power to invest in and support or support, or
- (b) the office of the Banking Ombudsman.

### **Meaning of lending certification condition for lending bodies**

**12.—(1)** In this Schedule “the lending certification condition for lending bodies” means a condition to the effect that where a society holds shares or corresponding membership rights in a lending body—

- (a) the society shall for each financial year of the body ending more than 18 months after the acquisition of such shares or corresponding membership rights seek to obtain within four months after the end of that year a certificate signed by a director of the body stating that throughout that year the body complied with the determined requirements, and
- (b) if no such certificate is so obtained by the society for two successive financial years of the body, the society shall dispose of its shares or corresponding membership rights, as the case may be, in that body, as soon as it is conveniently practicable to do so without undue loss.

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<sup>(26)</sup> 1982 c. 50.

<sup>(27)</sup> S.I. 1991/2580 amended by S.I. 1992/2930.

(2) In sub-paragraph (1)(a) above, “the determined requirements” means the following requirements–

- (a) a requirement that the body shall maintain a system for ensuring (or shall satisfy itself that adequate arrangements are made for ensuring) the safe custody of all documents relating to property mortgaged to the lending body and property which is subject to a syndicated loan made by the lending body;
- (b) a requirement that the arrangements made for assessing the adequacy of the security for any advance secured on land which is to be made by the body or for a syndicated loan made by the lending body shall be such as may reasonably be expected to ensure that–
  - (i) an assessment will be made on the occasion of each advance or on any other occasion on which the body is required to be satisfied of any of the matters referred to in paragraph 13(3) below relating to the value of the land;
  - (ii) each assessment will be made by a person holding office in or employed by the body who is competent to make the assessment and is not a person disqualified from assessment;
  - (iii) each person making the assessment will have furnished to him a written report on the value of the land and, as appropriate, the expected value of the land at the date of report and any factors likely materially to affect its value made by a person who is competent to value the land in question and who is not a person disqualified from valuation, and
  - (iv) no authorisation of any loan will be made by a person disqualified from assessment, and
- (c) a requirement that the lending body will make such arrangements as may be reasonably expected to ensure that, where a lending body lends money on the security of land, other than where the lending body makes a syndicated loan, the body will not lend money on the security of land in circumstances where, if the borrower were a member of the society, the society itself would be unable to make the loan.

(3) For the purposes of sub-paragraph (2)(b) above–

- (a) in relation to any land which is to secure an advance (or, for the purposes of making a syndicated loan, a proportion of the advance where appropriate) where the advance (or for the purposes of making a syndicated loan a proportion thereof where appropriate) is to be made following a disposition of the land, the following persons are persons disqualified from assessment, that is to say–
  - (i) any person, other than the lending body or any society of which the lending body is a subsidiary, having a financial interest in the disposition of the land and any director, other officer or employee of his or of an associated employer, and
  - (ii) any person receiving a commission for introducing the parties to the transaction involving the disposition and any director, other officer or employee of his; and
- (b) in relation to any land which is to secure an advance (or, for the purpose of making a syndicated loan, a proportion of the advance where appropriate), the following persons are persons disqualified from valuation, that is to say–
  - (i) the directors and any other officer or employee of the body who makes assessments of the adequacy of securities for advances by the body or who authorises the making of such advances;
  - (ii) where the body has made, or undertaken to make, to any person a payment for introducing to it an applicant for the advance, that person;
  - (iii) where the advance (or where appropriate, a proportion of the advance) is to be made following a disposition of the land, any person having a financial interest in the

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disposition of the land and any director, other officer or employee of his or of an associated employer, and

(iv) where the advance (or where appropriate, a proportion of the advance) is to be made following a disposition of the land, any person receiving a commission for introducing the parties to the transaction involving the disposition and any director, other officer or employee of his.

(4) For the purposes of sub-paragraph (3) above—

- (a) any two employers are associated if one is a body corporate of which the other (directly or indirectly) has control, or if both are bodies corporate of which a third person, directly or indirectly has control; and the expression “associated employer” shall be construed accordingly;
- (b) “commission” includes any gift, bonus or benefit, and
- (c) a person shall be taken to have a financial interest in the disposition of any land if, but only if, he would, on a disposition of that land, be entitled (whether directly or indirectly, and whether in possession or not) to the whole or part of the proceeds of the disposition.

### **Meaning of making syndicated loans**

13.—(1) For the purposes of this paragraph—

- (a) “advance” means the total sum of money, which may be payable in instalments, required to be lent by a lender or lenders to person A, B or C (whichever is appropriate) pursuant to any of the arrangements described in sub-paragraph (2) below;
- (b) “all land” means all the land which is to secure an advance;
- (c) “beneficial and legal or beneficial interest in the mortgage” shall be deemed, in relation to land situated outside England, Wales and Northern Ireland, to refer to any title in the mortgage;
- (d) “expected value” means the value which land is expected to have by the time the last instalment payable pursuant to any arrangement referred to in sub-paragraph (2) below, (and whether or not to be paid or contributed to by the lending body) is paid to person A, B or C (whichever is appropriate);
- (e) “land” means land which is situated in the United Kingdom or in any country or territory for the time being designated by order under section 14(28) of the Act (power to make advances secured on land overseas);
- (f) “lender” means any person who contributes or agrees to contribute to an advance, and any person who acquires a lender’s interest in the mortgage in place of that lender (and does not include any lending body such as referred to in the arrangement described in sub-paragraph (2)(c) below);
- (g) “mortgage of land” means one or more than one mortgage of land or heritable security over land, or, in relation to land situated outside the United Kingdom, any equivalent form of security which acknowledges a debt, obliges the borrower to pay it and secures payment of that debt on land; and a mortgage of land shall be of any of the following:
  - (i) a legal estate,
  - (ii) an equitable interest in land, provided that such equitable interest is in land which is situated in England, Wales or Northern Ireland, is of a description and is created in circumstances which are prescribed for the time being in an order made under

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(28) See the Building Societies (Isle of Man) Order 1987 (S.I. 1987/1498); the Building Societies (Jersey) Order 1987 (S.I. 1987/1872); the Building Societies (Guernsey and Alderney) Order 1988 (S.I. 1988/1394); the Building Societies (Gibraltar) Order 1989 (S.I. 1988/1817), and the Building Societies (Member States) Order 1992 (S.I. 1992/1547).

section 10(6) of the Act<sup>(29)</sup> and that any prescribed conditions with which a society must comply by virtue of such an order are complied with by the lending body, or

(iii) any title or interest in or over the land if the land is situated outside England, Wales and Northern Ireland;

and “mortgage” shall be construed accordingly except where the context otherwise requires in sub-paragraph (2)(c)(ii) below;

- (h) “original expected value” means, where all land can be valued at the time when the lending body pays its first contribution to an advance or acquires a right or interest in a mortgage as described in sub-paragraph (2) below, the expected value of all land as determined at that time, or where the expected value of all land cannot be determined at that time, the expected value of land which is to partially secure an advance as determined when the lending body pays its first contribution to an advance or acquires a right or interest in such a mortgage, and
- (i) “value of land” for the purposes of sub-paragraph (3) below, means the value of land after deducting from that value any mortgage debt of person A, B or C, whichever is appropriate, outstanding under a mortgage of land at the time the lending body is required to be satisfied of any of the matters referred to in sub-paragraph (3) below.

(2) In this Schedule, “making syndicated loans” means any of the following—

- (a) subject to sub-paragraph (6) below, where the lending body, acting alone or with one or more persons, makes or agrees to make an advance to another person or persons (“known as person A”) pursuant to an arrangement by virtue of which person A grants a mortgage of land to one or more persons (who may or may not be any one or more of the lenders) who may hold the mortgage on trust for, or otherwise hold the mortgage on behalf of the lenders, and the lending body thereby acquires a beneficial and legal or beneficial interest in the mortgage;
- (b) subject to sub-paragraph (6) below, where one or more persons has made, or has agreed to make, an advance to another person or persons “known as person B”) pursuant to an arrangement by virtue of which person B grants a mortgage of land to any one or more persons (who may or may not be any one or more of the lenders) who may hold the mortgage on trust for, or otherwise hold the mortgage on behalf of the lenders, and the lending body acquires a beneficial and legal or beneficial interest in the mortgage in place of one or more of the lenders in respect of all or part of the amount lent or to be lent by that lender or lenders under such arrangement, and
- (c) where—
  - (i) one or more persons has made, or has agreed to make, an advance to another person or persons (“known as person C”) pursuant to an arrangement by virtue of which person C grants a mortgage of land to any one or more persons (who may or may not be any one or more of the lenders) who may hold the mortgage on trust for, or otherwise hold the mortgage on behalf of the lenders, and
  - (ii) the lending body acquires from any of the lenders who holds a beneficial and legal or beneficial interest in the mortgage a right to receive sums of money from such lender (“the transferor”), provided that the right to receive the principal element of those sums is secured by way of mortgage of or charge over the rights of the transferor under the arrangement referred to in sub-paragraph (i) above.

(3) In order to make a syndicated loan the lending body must be satisfied of any of the following—

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<sup>(29)</sup> See the Building Societies (Prescribed Equitable Interests) Order 1986 (S.I. 1986/2099).



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- (a) if the advance has been made before the time of acquisition by the lending body of the interest or right referred to in sub-paragraph (2) above that, at the time of such acquisition, the advance is not greater than the value of all land;
  - (b) where paragraph (a) above does not apply, and the advance is not payable by instalments, that the advance does not exceed the value of all land at the time such advance is made;
  - (c) where the advance is payable by instalments one or more of which is outstanding at the time of acquisition by the lending body of the right or interest referred to in sub-paragraph (2) above, that, at the time the lending body pays its first contribution to the advance, if no part of the advance has been made before that time,
    - (i) the advance does not exceed the expected value as determined at that time of all land, and
    - (ii) the amount paid by the lending body and the amount (if any) paid by the other lenders at the time the lending body makes its first contribution to the advance does not exceed the value at that time of the land which is to secure such amount;
  - (d) where the advance is payable by instalments one or more of which is outstanding at the time of acquisition by the lending body of the right or interest referred to in sub-paragraph (2) above and part of the advance has been made before such time,
    - (i) the advance does not exceed the expected value as determined at that time of all land, and
    - (ii) the amount paid by the lenders as a contribution to the advance (including the amount (if any) paid by the lending body if the lending body is a lender) up to and including the time of such acquisition does not exceed the value of the land which is to secure such amount;
  - (e) if the advance exceeds the original expected value,
    - (i) the amount paid by the lenders as a contribution to the advance (including the amount (if any) paid by the lending body) up to and including the time the lending body makes its first contribution to the advance or acquires the right or interest referred to in sub-paragraph (2) above does not exceed the value at that time of the land which is to secure such amount, and
    - (ii) if the lending body pays a contribution to the advance which, when aggregated with the amount paid by the lenders both up to and at that time exceeds the original expected value, such contribution when aggregated with the amount (if any) paid by the other lenders both up to and at that time does not exceed the expected value as determined when such contribution is made of all land, and
    - (iii) if the lending body pays a contribution to the advance which, when aggregated with the amount paid by the lenders both at that time and up to that time exceeds the original expected value, the sum paid by the lenders before such contribution by the lending body is made does not exceed the value as determined when such contribution is made of all land.
- (4) Where a lending body has entered into an arrangement such as is described in sub-paragraph (2)(c) above, the amount which that body pays in pursuance of that arrangement shall not exceed the sum which such body would have been able to lend if it were a lender subject to sub-paragraph (3) above.
- (5) For the avoidance of doubt the lending body may dispose of all or any part of any right or interest which it has acquired pursuant to any arrangement referred to in sub-paragraph (2) above, and notwithstanding such disposal, may act as agent, trustee or otherwise on behalf of any of the lenders in connection with that arrangement.



(6) A lending body does not make a syndicated loan where it makes an advance pursuant to any arrangement the terms of which are such that the lending body, while a party to the arrangement, is to be the sole lender under such arrangement (notwithstanding that the body may have acquired an interest in a mortgage from any of the lenders or subsequently may dispose of its interest).

## Other definitions

### 14. In this Schedule,

“banking services” has the meaning which it bears in Schedule 8 to the Act<sup>(30)</sup>;

“equity share capital” has the meaning which it bears for the purposes of the Companies Act 1985<sup>(31)</sup> or the Companies (Northern Ireland) Order 1986<sup>(32)</sup>;

“estate agency work” has the meaning which it bears in the Estate Agents Act 1979<sup>(33)</sup>;

“facility account” has the meaning which it bears in the Building Societies (Limited Credit Facilities) Order 1987<sup>(34)</sup>;

“insurance services” has the meaning which it bears in Schedule 8 to the Act;

“investment”, in respect of the expression “market maker”, means any asset, right or interest falling within any paragraph in Part I of Schedule 1 to the Financial Services Act 1986<sup>(35)</sup>;

“investment services” has the meaning which it bears in Schedule 8 to the Act;

“land services” has the meaning which it bears in Schedule 8 to the Act;

“market maker” means—

- (a) in relation to the United Kingdom, a market maker in securities of a particular kind,
- (b) in relation to any country or territory outside the United Kingdom, a person who holds himself out at all normal times as willing to buy and sell at a price specified by him investments of a particular kind which are traded on any exchange in that country or territory;

“market maker in securities of a particular kind” means a person who, for the purposes of section 67(4) (depository receipts) of the Finance Act 1986<sup>(36)</sup>, is so described in section 69(7) (depository receipts: supplementary) of that Act;

“mortgage finance rights” has the meaning which it bears in Section A of Part II of Schedule 1 to the Building Societies (Commercial Assets and Services) Order 1988<sup>(37)</sup>; “pension scheme” means—

- (a) a retirement benefits scheme within the meaning of, and which is approved or a candidate for approval by the Commissioners of Inland Revenue for the purposes of, Chapter I of Part XIV of the Income and Corporation Taxes Act 1988<sup>(38)</sup> (retirement benefit schemes), or
- (b) a personal pension scheme within the meaning of and which is approved or a candidate for approval by the Commissioners of Inland Revenue under, Chapter IV (personal pension schemes) of that Part of that Act;

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<sup>(30)</sup> Schedule 8 to the Act was substituted by S.I. 1988/1141 and subsequently amended by S.I. 1989/839 and S.I. 1992/509.

<sup>(31)</sup> 1985 c. 6.

<sup>(32)</sup> S.I. 1986/1032 (N.I. 6).

<sup>(33)</sup> 1979 c. 38; section 1 was amended by the Law Reform (Miscellaneous Provisions) (Scotland) Act 1985 (c. 73), Schedule 1, Part I, paragraph 40.

<sup>(34)</sup> S.I. 1987/1975, amended by S.I. 1988/1141 and S.I. 1989/730.

<sup>(35)</sup> 1986 c. 60.

<sup>(36)</sup> 1986 c. 41.

<sup>(37)</sup> S.I. 1988/1141.

<sup>(38)</sup> 1988 c. 1.

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“relevant investment business” means investment business relating to investments falling within–

- (a) any paragraph other than paragraph 10 (long term insurance contracts) or 11 (rights and interests in investments) of Part I of Schedule 1 to the Financial Services Act 1986<sup>(39)</sup>, or
- (b) paragraph 11 of that Part of that Schedule so far as it is not related to paragraph 10 of that Part of that Schedule; and

“subsidiary” and “subsidiary undertaking” have the meanings which they respectively bear in section 119 of the Act<sup>(40)</sup>.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

The principal effect of this Order is to consolidate the Orders revoked by article 5 and to make amendments to those Orders. Article 3 designates Girobank and various types of corporate body (specified in Part I of the Schedule) which a building society may invest in and support or support under section 18 of the Building Societies Act 1986. In addition to minor and drafting amendments, this Order makes changes of substance as set out below.

Designated bodies carrying on the following types of activity: ancillary services, financial services, general insurance, life insurance and pensions may be incorporated in the Isle of Man and the Channel Islands by virtue of this Order (in addition to countries within the European Community and European Free Trade Association).

The threshold up to which a society may invest in a designated body which is carrying on prohibited activities (chiefly market making and deposit taking in the UK), or which has subordinate organisations carrying on prohibited activities is increased from 2% to 5%.

The threshold above which a society must be satisfied that 40% of the income of an estate agency body in which the society has invested is derived from estate agency work is increased to 15%. It is no longer a requirement that 40% of the income of an estate agency body must be derived from estate agency work carried on in countries where the investing society has made loans secured on land. However such estate agency work must be carried on in countries where estate agency bodies can be incorporated.

The “group interest provision” has been simplified and has now become the “qualifying activities condition”. It is no longer a requirement that a society must seek to produce a certificate signed by a director of the body and supported by an auditor’s report stating that at least 60% of the consolidated gross income of a body and its subordinate organisations is derived from carrying on activities for the purpose of which a society has power to invest in and support or support. Provision is made that where a society holds at least 15% or more of the issued shares or corresponding membership rights in any designated body (not restricted to UK companies) to which the qualifying activities condition applies it must be satisfied that at least 60% of the gross income of that body or (if applicable) 60% of the consolidated gross income of that body and any of that body’s subordinate organisations is derived from carrying on qualifying activities.

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<sup>(39)</sup> 1986 c. 60; Schedule 1 was amended by S.I. 1988/318, 496, 803; and the Broadcasting Act 1990 c. 42, Schedule 20.

<sup>(40)</sup> Section 119 of the Act was amended by S.I. 1991/1729.

A lending body is a body corporate which, in addition to acquiring, holding and disposing of debts which are secured on land and making advances on the security of land may make syndicated loans. Syndicated loans are defined in the Order to mean various types of arrangement whereby more than one lender lends to a borrower on the security of land and, inter alia, the lending body acquires a secured interest in the loan from any of the lenders.

The designation of Girobank plc has been retained as a named body corporate. Housing associations and housing trusts have been retained as types of body corporate which are designated bodies for the purposes of section 18. The provisions relating to estate agency bodies, general insurance bodies, life insurance bodies, payment service bodies and pension bodies remain substantially the same as the corresponding provisions in the Orders which have been revoked, but with minor drafting amendments.

A building society may support only (and is not required to invest in) the following types of body corporate: ancillary services body, estate agency body, financial services body, life insurance body, payment services body, pension body, housing trust and housing association. The restriction that a society must both invest and support (and may not support only) some of these bodies corporate if such bodies have the capacity to have subordinate organisations has been removed.

Any power which has been adopted for the purposes of any Order revoked by this Order may be exercised by a society for three years from the date this Order comes into force as long as the power to invest and support continues to be specified in that society's memorandum.

This Order amends the Building Societies (Designation of Qualifying Bodies) Order 1993 and the Building Societies (Designation of Qualifying Bodies) (No.2) Order 1993 (S.I. 1993/989). In addition to making minor drafting changes, this Order amends the latter Order by enabling a mortgage indemnity insurance body to indemnify any subsidiary of the society investing in the body against loss sustained by such subsidiary in respect of that subsidiary's mortgage business.