
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Building Societies Act 1986. First, it amends section 6 of the Act to allow building societies to acquire and hold premises overseas for the purposes of the business of a subsidiary or other associated body.

Secondly, it amends section 7 of the Act by raising the maximum percentage limit on a society's non-retail funds and deposits to 50% of the society's share and deposit liabilities. It also amends the section so as to exclude liabilities in respect of capital resources that may be aggregated with reserves for capital adequacy purposes (which currently include certain kinds of deferred shares and subordinated debt) from the calculation of the limit.

Thirdly, it repeals section 22 of the Act, which obliges societies to meet the liabilities of certain associated bodies, subject to a saving in respect of liabilities incurred, or wrongs committed, before the Order comes into force, or arising out of obligations entered into before then.

Fourthly, it repeals the requirement in section 78(2) of the Act that the auditors' report be read to the annual general meeting of a building society.

Fifthly, it amends paragraph 1 of Schedule 4 to the Act (which relates to the sale of mortgaged property) to remove the requirement to notify the mortgagor of the sale of mortgaged land, where the person selling the land has reasonable cause to believe that a notice sent to the mortgagor's last known address will not be received by him.