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STATUTORY INSTRUMENTS

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**1995 No. 550**

**BUILDING SOCIETIES**

**The Building Societies (Liquid Asset)  
(Amendment) Regulations 1995**

*Made* - - - - - *16th February 1995*  
*Laid before Parliament* *7th March 1995*  
*Coming into force* - - - *1st April 1995*

The Building Societies Commission, with the consent of the Treasury, in exercise of the power conferred on it by section 21(7) of the Building Societies Act 1986(1), hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Building Societies (Liquid Asset) (Amendment) Regulations 1995 and shall come into force on 1st April 1995.

**Amendment of principal Regulations**

2. The Schedule to the Building Societies (Liquid Asset) Regulations 1991(2) shall be amended—

- (a) by the substitution in paragraph 1 of Part II of the words “paragraph 2(a) or (c) or 3(1)” for the words “paragraphs 2(a) or (c), 3(1)(a)”; and
- (b) by the substitution in Part III of the following for paragraph (ii) of the definition of “mortgage backed securities”—

“(ii) securities which are guaranteed, in respect of the timely repayment of principal and timely payment of interest, by the Government National Mortgage Association of the United States of America, the Federal National Mortgage Association of the United States of America or the Federal Home Loan Mortgage Corporation of the United States of America;”.

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(1) 1986 c. 53.  
(2) S.I.1991/2580 amended by S.I. 1992/2930.

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**Status:** This is the original version (as it was originally made).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

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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

L.S.

16th February 1995.

*T. Matthews*  
A member of the Commission

We consent to these Regulations

2nd March 1995

*T. Kirkhope*  
*A. Mitchell*  
Two of the Lords Commissioners of Her Majesty's Treasury

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## EXPLANATORY NOTE

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

These Regulations amend the Building Societies (Liquid Asset) Regulations 1991. First the existing Regulations provide (in paragraph 1 of Part II of the Schedule) that a deposit with a gilt-edged market maker or a Stock Exchange money broker, or a stock lending right against such a broker, is a liquid asset only where the deposit is secured by the transfer to the society of certain liquid assets which in the case of securities must be of the kind mentioned in paragraph 3(1)(a) of Part I of the Schedule (certain government securities). These Regulations extend the category of permitted security instruments to include the other types of securities mentioned in paragraph 3(1) (those issued by EC credit institutions, certain international organisations and local and other authorities). Secondly these Regulations add to the definition of “mortgage backed securities” in Part III of the Schedule securities guaranteed (as to the timely repayment of principal and payment of interest) by the Federal National Mortgage Association of the United States of America (known as “Fannie Mae”) or the Federal Home Loan Mortgage Corporation of the United States of America (known as “Freddie Mac”).

A review of the cost of compliance with these Regulations has been undertaken and the resulting compliance cost assessment may be purchased from the Secretary, Building Societies Commission, 15 Great Marlborough Street, London W1V 2LL.