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## EXPLANATORY NOTE

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

These Regulations replace the previous transfer regulations revoked by regulation 10. They prescribe certain matters connected with the transfer of the property, rights and liabilities of a building society to a company which may, by virtue of sections 97(3) and (12) of the Building Societies Act 1986 (“the Act”), be either a company specially formed by the society (and by no others than its nominees) for the purpose of assuming and conducting its business in its place or an existing company carrying on business as a going concern.

When a society proposes a transfer in either of these ways resolutions have to be voted upon by the members of the society and a transfer statement, or a transfer summary, must be put before all those eligible to vote to inform them of the nature of the transfer. Regulation 3 and Schedule 1 to the Regulations prescribe the matters particulars of which must be included in any transfer statement. In addition to the matters thus prescribed, such a statement must, as required by paragraph 3(1)(b) of Schedule 17 to the Act, give particulars of any other matters required by the Building Societies Commission in the case of the particular transfer. Part I of Schedule 1 to the Regulations sets out the matters common to both kinds of transfer, Part II sets out the matters which are relevant to a transfer to an existing company, Part III contains those matters specific to a transfer to a specially formed company and Part IV deals with those matters of which particulars are to be stated where shares or rights in relation to shares are to be offered in connection with a transfer.

A society may send to its members entitled to vote a summary of the transfer statement and regulation 4 and Schedule 2 to the Regulations specify the information which transfer summaries are to give. If a society does this the full transfer statement must be handed to or sent to any member who requests it free of charge.

The Building Societies Commission may direct that the approval of a transfer be by resolution of the board of directors rather than by resolution of the members. The Building Societies Commission can do so where in exercise of its powers of control it directs a society to transfer its business to an existing company or only does not make such a direction because the society is already seeking such a transfer. Where such a transfer has been approved by the board of directors, members must be sent a statement containing information prescribed by regulations. Regulation 5 and Schedule 3 to the Regulations prescribe the matters particulars of which must be included in such a statement. In addition to the matters thus prescribed, such a statement must, as required by paragraph 9(2)(b) of Schedule 8A to the Act, give particulars of any other matters required by the Building Societies Commission in case of the particular transfer.

Regulations 6 to 9 re-enact with only minor drafting amendments provisions relating to the transfer of property, rights, liabilities, rights of action and proceedings to the successor company found in the previous regulations.

**Status:**

Point in time view as at 01/04/2013.

**Changes to legislation:**

There are currently no known outstanding effects for the The Building Societies (Transfer of Business) Regulations 1998.