
STATUTORY INSTRUMENTS

2018 No. 1187

**The Building Societies Legislation
(Amendment) (EU Exit) Regulations 2018**

PART 2

AMENDMENTS TO PRIMARY LEGISLATION

Amendments to the Building Societies Act 1986

2. The Building Societies Act 1986⁽¹⁾ is amended in accordance with regulations 3 to 7.

Part 2: Constitution of building societies

- 3.—(1) In section 6A (loans secured on land)⁽²⁾—
- (a) in subsection (1), in paragraph (c), for “an EEA country or territory other than the United Kingdom”, substitute “the Isle of Man, the Channel Islands or Gibraltar”;
 - (b) after subsection (1), insert—
 - “(1A) For the purposes of this Act a loan is also secured on land if—
 - (a) it was secured before exit day by a qualifying security over land in an EEA country or territory other than the United Kingdom, and
 - (b) it continues to be secured by a qualifying security over that land.”
 - (c) in subsection (4), for “European Economic Area” substitute “United Kingdom”;
 - (d) in subsection (7)—
 - (i) in the definition of “qualifying security”, for “in relation to land in an EEA country or territory other than the United Kingdom and a loan”, substitute “in relation to a loan and land in the Isle of Man, the Channel Islands, Gibraltar or in an EEA country or territory”;
 - (ii) omit the words from “and for the purposes of this section and that section” to the end of the subsection;
 - (e) in subsection (8), for paragraph (a), substitute—
 - “(a) land in—
 - (i) the United Kingdom;
 - (ii) the Isle of Man, the Channel Islands, Gibraltar; or
 - (iii) an EEA country or territory; and”.
- (2) In section 6B (loans fully secured on land)⁽³⁾, in subsection (9)—

⁽¹⁾ 1986 c.53.

⁽²⁾ Section 6A was inserted by s.5 of the Building Societies Act 1997 (c.32).

⁽³⁾ Section 6B was inserted by s.6 of the Building Societies Act 1997 (c.32).

- (a) after “Scotland” insert “, the Isle of Man, the Channel Islands, Gibraltar”;
- (b) for “an EEA country” substitute “another country”.

Part 10: Dissolution, winding up, mergers, transfer of business

- 4. In section 97 (transfer of business to commercial company), omit subsection (13)(4).

Part 11: Miscellaneous and supplementary and conveyancing services

- 5. In section 107(12) (restriction of use of certain names and descriptions), in the definition of “institution”, omit paragraph (c)(5).

Schedule 2: Establishment, incorporation and constitution of building societies

- 6. In Schedule 2, in paragraph 23—
 - (a) for sub-paragraph (5B)(6), substitute—
 - “(5B) For the purposes of sub-paragraph (5A), a relevant resolution is a resolution to approve an increase in the maximum ratio between the fixed and variable components of remuneration as permitted by—
 - (a) rule 15.10 of the Remuneration Part of the Rulebook made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000(7), or
 - (b) rule 19D.3.49 of the Senior Management Arrangements, Systems and Controls sourcebook made by the Financial Conduct Authority under that Act(8),
 where the member referred to would be directly affected by the increase.”;
 - (b) after sub-paragraph (5B), insert—
 - “(5BA) For the purposes of sub-paragraph (5B), references to rules made by the Prudential Regulation Authority or the Financial Conduct Authority are to those rules as they have effect on exit day.”
 - (c) omit sub-paragraph (5C).

Schedule 11: Auditors: appointment, tenure

- 7. In paragraph 8C of Schedule 11(9)—
 - (a) in sub-paragraph (1), for the definition of “audit committee”, substitute—
 - ““audit committee” means a body which performs—
 - (a) the functions referred to in—
 - (i) rule 7.1.3 of the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000; or

(4) Subsection (13) was inserted into section 97 by paragraph 45 of Schedule 7 to the Building Societies Act 1997 (c.32), and amended by S.I. 2008/1519.

(5) Subsection (12) was substituted by S.I. 2001/3649.

(6) Sub-paragraphs (5B) and (5C) were inserted by S.I. 2013/3115.

(7) The Rulebook is available on <http://www.prarulebook.co.uk> and copies of the rules referred to can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA, where it is also available for inspection.

(8) Sourcebooks made by the Financial Conduct Authority are available on <https://www.handbook.fca.org.uk/handbook> and copies of the rules referred to can be obtained from the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, where it is also available for inspection.

(9) Paragraph 8C was inserted by S.I. 2008/1519, substituted by S.I. 2016/649 and sub-paragraph (1) was renumbered by S.I. 2017/516.

- (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority under that Act; or
- (b) equivalent functions;”;
- (b) after sub-paragraph (1), insert—
 - “(1A) For the purposes of the definition of “audit committee”, references to rules made by the Prudential Regulation Authority or the Financial Conduct Authority are to those rules as they have effect on exit day.”

Building Societies (Funding) and Mutual Societies (Transfers) Act 2007

8.—(1) The Building Societies (Funding) and Mutual Societies (Transfers) Act 2007(**10**) is amended as follows.

- (2) In section 3 (transfers to subsidiaries of other mutuals)—
 - (a) in subsection (10), for paragraph (d), substitute—
 - “(d) a Crown Dependency mutual society.”;
 - (b) for subsection (12), substitute—
 - “(12) A Crown Dependency mutual society is a body which is a cooperative or mutual undertaking of such description as the Treasury specify by order and which is established or operates in accordance the law of the Isle of Man or any of the Channel Islands.”
- (3) In subsection (14), for paragraph (c), substitute—
 - “(c) a body corporate which is incorporated in the Isle of Man or the Channel Islands.”