held by the grantee in the property on the day on which the grant is made, a disposal by the donee in any manner mentioned in the foregoing subsection of the interest so acquired by him in the property, or any part of that interest, shall be treated, for the purposes of that subsection, as a disposal by the grantee of a part of the interest so held by him, and, if, in the case of any such property, a person becomes entitled by way of such a gift to the whole of the interest held by the grantee therein on the day aforesaid the foregoing subsection shall have effect as if the grant had been made to the donee instead of to the grantee and that interest had then been held by the donee.

(3) Subsection (1) of this section shall not be taken as conferring on a local authority a right to recover, in the event of proceedings thereunder being brought in relation to disposals of several parts of an interest in property, amounts in the aggregate exceeding the amount of the grant.

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Short title.

4. This Act may be cited as the Local Authorities (Historic Buildings) Act, 1962.

CHAPTER 37

Building Societies Act, 1962

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An Act to consolidate (with corrections and improvements made under the Consolidation of Enactments (Procedure) Act, 1949) the Building Societies Acts, 1874 to 1960, and certain related enactments, except certain provisions of those Acts relating to the winding up of building societies and provisions relating to unincorporated societies. [19th July, 1962]

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

CONSTITUTION OF BUILDING SOCIETIES

General provisions

Establishment of building society.

1.—(1) The purpose for which a society may be established under this Act is that of raising, by the subscriptions of the members, a stock or fund for making advances to members out of the funds of the society upon security by way of mortgage of freehold or leasehold estate.

(2) A society so established may be either—

(*a*) a permanent society, that is to say, a society which has not by its rules any fixed date at which, or specified result on the attainment of which, it is to terminate, or

(*b*) a terminating society, that is to say, a society which by its rules is to terminate at a fixed date, or when a result specified in the rules is attained.

(3) Any number of persons, not being less than ten, may establish a society under this Act by—

(*a*) agreeing upon rules for the government of the society, being rules which comply with the requirements of this Act relating to rules of building societies, and

(*b*) sending to the central office two copies of those rules, signed by not less than ten of those persons (or, if there are only ten, by all of them) and by the intended secretary or other officer.

(4) In this Act "building society" means a society incorporated under this Act or under the enactments repealed by this Act:

Provided that, except where it is otherwise expressly stated, "building society" in this Act does not include a Northern Ireland society.

(5) In the application of this Act to Scotland—

(*a*) for any reference to freehold or leasehold estate there shall be substituted a reference to an interest in land, and any reference to making an advance upon security by way of mortgage of freehold or leasehold estate, or on the security of such estate as aforesaid or other the like reference, shall be construed as a reference to making an advance upon a heritable security;

(*b*) "a mortgage" means a heritable security, "mortgagor" and "mortgagee" mean respectively the debtor and creditor in a heritable security, and the expressions "on mortgage", "mortgaged" and "mortgage deed" shall be construed accordingly.

Registration of rules and name of society.

2.—(1) Where copies of rules have been sent to the central office in accordance with subsection (3) of the preceding section, the central office, if satisfied that the rules comply with the requirements mentioned in that subsection, shall (subject to the next following subsection) retain and register one copy of the rules and return the other copy to the secretary or other officer of the society, together with a certificate of incorporation.

(2) A society shall not be registered under this section in a name which, in the opinion of the central office, is undesirable.

Incorporation of society.

3.—(1) On the receipt by a society of a certificate of incorporation under the last preceding section, the society shall become a body corporate by the name in which it is registered thereunder, having perpetual succession and a common seal.

(2) The common seal of a building society shall bear the registered name of the society.

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Contents of rules.

4.—(1) The rules of every building society shall set out—

(*a*) the name of the society and its chief office or place of meeting;

(*b*) the manner in which the stock or funds of the society is or are to be raised;

(*c*) the terms on which unadvanced subscription shares are to be issued, and the manner in which contributions are to be paid to the society and withdrawn by the members, with tables (where, in the opinion of the central office, they are applicable) showing the amount due by the society for principal and interest respectively;

(*d*) the terms on which paid-up shares (if any) are to be issued and withdrawn, with tables (where, in the opinion of the central office, they are applicable) showing the amount due by the society for principal and interest respectively;

(*e*) whether preferential shares are to be issued, and if so, within what limits;

(*f*) the purposes to which the funds of the society are to be applied;

(*g*) the manner in which advances are to be made and repaid, the deductions (if any) for premiums, and the conditions on which a borrower can redeem the amount due from him before the end of the period for which the advance was made, with tables (where, in the opinion of the central office, they are applicable) showing the amount due from the borrower after each stipulated payment;

(*h*) the manner in which losses are to be ascertained and provided for;

(*i*) whether the society intends to borrow money, and if so, within what limits, not exceeding those prescribed by this Act;

(*j*) the manner in which membership is to cease;

(*k*) the manner of remunerating auditors, and the manner of appointing, remunerating and removing the board of directors and other officers;

(*l*) the powers and duties of the board of directors and other officers;

(*m*) provision for the custody of the mortgage deeds and other securities belonging to the society;

(*n*) whether disputes between the society and any of its members, or any person claiming by or through a member, or under the rules, are (subject to the provisions of this Act) to be settled by reference to the court, to the central office or to arbitration;

(*o*) the fines and forfeitures to be imposed on members of the society;

(*p*) provision for the device, custody and use of the society's common seal;

(*q*) the manner in which the society (whether permanent or terminating) may be terminated or dissolved.

(2) The rules of a building society shall also provide for the calling and holding of meetings, and in particular—

(*a*) for the right of members to requisition meetings;

(*b*) for the manner in which notice of any resolutions to be moved at meetings is to be given to members;

(*c*) for the procedure to be observed at meetings;

(*d*) for the form of notice for the convening of a meeting, and the manner of its service; and

(*e*) for the voting rights of members, the right to demand a poll and the manner in which a poll is to be taken.

(3) In the case of a building society incorporated on or after the first day of October, nineteen hundred and sixty, the rules shall include provision authorising the issue of paid-up shares in accordance with subsection (1) of section thirteen of this Act:

Provided that this subsection shall not apply to a building society which, before its incorporation, was an unincorporated society certified under the Act of 1836.

(4) The rules of a building society may describe in a schedule thereto the forms of conveyance, mortgage, transfer, agreement, bond, security for deposit or loan or other instrument necessary for carrying its purposes into execution.

(5) The preceding provisions of this section shall have effect without prejudice to the provisions of this Act as to rules which are void as therein mentioned, and shall have effect subject to the provisions of Part VIII of this Act with respect to societies established before the commencement of this Act.

Effect of rules.

5. The rules of a building society are binding upon each of the members and officers of the society, and on all persons claiming on account of a member or under the rules; and all such members, officers and persons shall be deemed to have full notice of the rules.

Power to raise and repay funds.

6.—(1) A building society may from time to time raise funds by the issue of shares of one or more denominations, either as shares paid up in full or as shares to be paid by periodical or other subscriptions, and with or without accumulating interest.

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(2) A building society may repay any funds so raised when they are no longer required for the purposes of the society.

Powers in relation to land.

7.—(1) A building society shall, so far as is necessary for the purpose for which it is established, have power to hold land with the right of foreclosure.

(2) A building society may purchase, build, hire or take on lease a building for conducting its business and may adapt and furnish it.

(3) A building society may purchase or hold on lease any land for the purpose only of erecting on it a building for conducting the business of the society.

(4) A building society may sell, exchange or let the whole or part of any such building or land as is mentioned in subsection (2) or subsection (3) of this section.

Membership

Members who are not shareholders.

8.—(1) The rules of a building society may allow a person to become a member without holding a share in the society.

(2) Such of the rules as concern the making of advances to members need not be expressed in terms which treat a member to whom an advance is made as being, by reason of the making of the advance, the holder of a share in the society.

Members under age of twenty-one.

9. A person under the age of twenty-one years may, if the rules do not otherwise provide, be admitted as a member of a building society, and can give all necessary receipts; but, while he is under that age, he cannot vote or hold any office in the society.

Joint shareholders.

10.—(1) Two or more persons may jointly hold shares in a building society.

(2) The provisions of section one hundred and sixteen of this Act apply to any shares so held.

Liability of members.

11.—(1) The liability of a member of a building society in respect of a share on which no advance has been made shall be limited to the amount actually paid, or in arrear, on the share.

(2) The liability of a member of a building society in respect of a share on which an advance has been made shall be limited to the amount payable thereon under any mortgage or other security or under the rules of the society.

(3) The liability of a member of a building society to whom an advance is made under rules made in pursuance of section

eight of this Act shall be no greater than it would be if the rules treated him as being, by reason of the making of the advance, the holder of a share in the society.

Commencement of business

Business not to be commenced before incorporation.

12.—(1) If a society formed under this Act, or under the enactments repealed by this Act, or any persons representing themselves to be a building society, commence business without having first obtained a certificate of incorporation under this Act or under those enactments, the person or persons by whom business has been so commenced shall be liable on summary conviction, on information laid by the central office, to a fine not exceeding five pounds for every day on which business is carried on without a certificate of incorporation having been obtained.

(2) In the application of the preceding subsection to Scotland, the words " on information laid by the central office " shall be omitted.

Minimum subscription by founding members.

13.—(1) A building society incorporated on or after the first day of October, nineteen hundred and sixty, shall not commence any business or borrow any money unless there has been produced to the central office evidence satisfying them that ten of the members of the society who signed copies of the society's rules for transmission to the central office as mentioned in subsection (3) of section one of this Act—

(*a*) have each been issued with shares in the society to the value of five hundred pounds on terms which comply with the requirements of the First Schedule to this Act, and

(*b*) have each paid to the society in cash for those shares a sum of five hundred pounds,

and the central office have issued to the society their certificate that the requisite evidence has been so produced.

(2) If at the end of the period of two months beginning with the date on which the building society became a body corporate the requisite evidence has not been produced to the central office under the preceding subsection, the central office may if they think fit cancel the registration of the building society, and the society shall cease to enjoy the privileges of a society under this Act.

(3) Notice of the cancellation of registration of a society under the last preceding subsection shall be published by the central office in the London, Edinburgh and Belfast Gazettes, and in such other ways as appear to the central office expedient for informing the public.

(4) The provisions of the First Schedule to this Act shall have effect with respect to shares issued in compliance with subsection (1) of this section, for the purpose of ensuring that the

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conditions attaching to the shares are observed until the end of the period of five years beginning with the date on which the central office issued their certificate to the building society under subsection (1) of this section.

(5) If a building society commences business or borrows any money in contravention of this section, the building society shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the building society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(6) This section shall not apply to a building society which, before its incorporation, was an unincorporated society certified under the Act of 1836.

Commencement of advertising.

14.—(1) A building society incorporated on or after the first day of October, nineteen hundred and sixty, shall not issue or cause to be issued any advertisement until the Chief Registrar has given to the society permission in writing to commence advertising on an application in writing made in accordance with the following provisions of this section.

(2) An application for permission under this section—

(*a*) may not be made in the financial year in which the building society is incorporated, or, unless it was incorporated on the first day of any year, in the financial year next following that in which it was incorporated, and

(*b*) may not be made at any time in any financial year before the society has, in accordance with the provisions of this Act, sent to the Chief Registrar its annual return (with the auditors' report annexed) for the last preceding financial year, and a copy of the corresponding balance sheet, including every document required by law to be annexed or attached thereto.

(3) On an application by a building society under this section the Chief Registrar shall grant permission if all the requirements set out in the Second Schedule to this Act are fulfilled in relation to the society.

(4) If a building society contravenes subsection (1) of this section, the society, and every officer of the society who is in default, shall be guilty of an offence under this section; and if,

after any person has been convicted of an offence under this section in respect of an advertisement which is on display in any public place, the society does not take all practicable steps to have the advertisement removed, the society, and every officer of the society who is in default, shall be guilty of a further offence under this section.

(5) If a building society is guilty of an offence under this section, it shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and if an officer of a building society is guilty of an offence under this section he shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(6) This section shall not apply to a building society which, before its incorporation, was an unincorporated society certified under the Act of 1836.

Further provisions as to name and rules

Building society to use its registered name.

15.—(1) A building society shall not use any name or title other than its registered name.

(2) If a building society contravenes the preceding subsection, the society, and every director of the society who is a party to the contravention, shall be liable on summary conviction to a fine not exceeding ten pounds, and, in the case of a continuing offence, to an additional fine not exceeding ten pounds for every week during which the offence continues.

Change of name.

16.—(1) A building society may change its name by special resolution.

(2) Notice of any such change shall be sent to the central office and registered by them, and they shall give a certificate of registration:

Provided that a building society shall not be registered under this section in a name which, in the opinion of the central office, is undesirable.

(3) Any such change of name shall not affect the rights and obligations of the society or of any of its members or of any other person concerned.

(4) If a building society fails to send to the central office a notice which it is required to send to them under subsection (2) of this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

PART I
Alteration of rules.

17.—(1) A building society may alter its rules by special resolution.

(2) Where a building society by special resolution alters its rules, it shall send to the central office two copies of the alteration (or, in the case of the rescission of a rule, two copies of the resolution) signed by three members and the secretary, and a statutory declaration by an officer of the society that the resolution has been passed as a special resolution.

(3) Where copies are sent to the central office in accordance with the last preceding subsection, and the central office find that the alteration is in conformity with this Act, they shall return one of the copies to the secretary or other officer of the society with a certificate of registration, and shall retain and register the other copy.

(4) Any provision in the rules of a building society that the rules may be altered without passing a special resolution shall be void.

(5) If a building society fails to comply with subsection (2) of this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Union and transfer of engagements

Building societies may unite.

18.—(1) Two or more building societies may unite and become one society, with or without a dissolution or division of the funds of any one or more of those societies, if—

(*a*) the terms of the union are approved by a special resolution of each of the societies, and

(*b*) the union obtains the consent in writing of the holders of not less than two-thirds of the whole number of shares in each society, whether they are present at the meeting or not, or the union is confirmed under subsection (4) of section twenty of this Act.

(2) Notice of any union of building societies shall be sent to the central office and shall be registered by them.

(3) If a building society fails to send to the central office a notice which it is required to send to them under the last preceding subsection, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Transfer of engagements.

19.—(1) Subject to the following provisions of this section, a building society may by special resolution transfer its engagements to another building society which undertakes to fulfil those engagements; and a building society may—

(*a*) by special resolution, or

(*b*) with the consent of the central office, by resolution of a general meeting or of the board of directors,

undertake to fulfil the engagements of another building society.

(2) It shall be the duty of a building society transferring its engagements under this section to send notice of the transfer to the central office.

(3) A transfer of engagements between building societies under this section shall not have effect unless—

(*a*) the holders of not less than two-thirds of the whole number of shares of each of the societies have consented in writing to the transfer, or the transfer has been confirmed under subsection (4) of the next following section, and

(*b*) notice of the transfer has been registered.

(4) If a building society fails to comply with subsection (2) of this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Supplementary provisions as to union and transfer of engagements.

20.—(1) A building society (in this section referred to as " the relevant society ") desiring to unite with one or more other building societies, or to transfer its engagements to another building society, or to undertake to fulfil the engagements of another building society, shall (unless the Chief Registrar has by notice in writing exempted it from the requirements of this subsection) send to each of its members, at his address as recorded in the register of members, a statement the contents of which have been approved by the Chief Registrar concerning—

(*a*) the financial position of the relevant society and that of the other building society or societies concerned;

(*b*) the interest of the directors of the relevant society in the union or transfer of engagements;

(*c*) the compensation or other consideration proposed to be paid to the directors or other officers of the relevant society, and of the other building society or societies concerned; and

(*d*) the payments (if any) to be made to members of the relevant society, and of the other building society or societies concerned, in consideration of the union or transfer of engagements.

(2) A statement under the preceding subsection shall be sent so that any member to whom the relevant society sends a notice to which this subsection applies will receive the statement not later than he receives that notice.

This subsection applies to any notice of a resolution, to be moved at a meeting of the relevant society, for the union or (as

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the case may be) the transfer of engagements to which the statement relates.

(3) Where for the purposes of section eighteen or section nineteen of this Act the relevant society applies to all or any of its members to obtain their consent to the proposals, the statement shall (without prejudice to the provisions of the last preceding subsection) be sent so as to be received by a member at or before the time when the application is made to him.

(4) The relevant society may apply to the central office to confirm the union or transfer of engagements, notwithstanding that the consent in writing of the holders of two-thirds of the whole number of shares of the relevant society has not been obtained, and, where such an application is made, shall publish notice of the application in the London and Edinburgh Gazettes, and, if the central office so require, in one or more newspapers; and the central office, after hearing the relevant society and any other persons whom they consider entitled to be heard, may confirm the union or transfer of engagements accordingly.

(5) The registration by the central office of notice of the union or transfer of engagements shall operate, by virtue of this subsection and without further assurance, as an effectual conveyance, transfer and assignment, as at the date of the registration, of the funds, property and assets of the relevant society to the united society, or to the society to which the engagements are transferred, as may be provided by the instrument of union or transfer of engagements, as the case may be:

Provided that this subsection shall not apply to stocks and securities in the public funds of the United Kingdom.

(6) The union or transfer of engagements shall not affect the rights of any creditor of the relevant society.

(7) A failure to comply with the provisions of subsections (1) to (3) of this section shall not invalidate the union or transfer of engagements; but, if the relevant society fails to comply with those provisions, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

PART II

ADVANCES ON MORTGAGE

Special advances

Meaning of "special advance".

21.—(1) In this Act "special advance" means an advance made by a building society on the security of freehold or leasehold estate, being an advance of one of the following descriptions, that is to say—

(*a*) an advance of any amount to a body corporate;

(*b*) an advance of a sum exceeding five thousand pounds, or such other sum as may be prescribed under this section, to a person other than a body corporate;

(*c*) an advance of any amount to a person other than a body corporate, being a person who, after the advance is made to him, is indebted to the society in an amount exceeding the limit in force for the purposes of this paragraph.

(2) For the purposes of paragraph (*c*) of the preceding subsection, the amount by which a person is indebted to a building society after the making of an advance shall be ascertained so as to take into account both that advance and all other debts of any description (whether immediately repayable or not) in which he is indebted to the society, and shall be so ascertained both—

(*a*) immediately after the making of the advance, and

(*b*) at the end of a period of three months beginning with the date of the advance or (if sooner) at the end of the financial year in which the advance was made.

(3) In relation to an advance made to a person by a building society, he shall be taken, for the purposes of paragraph (*c*) of subsection (1) of this section, to be indebted to the society in an amount exceeding the limit in force for those purposes if either—

(*a*) the amount of his indebtedness to the society, ascertained in accordance with the last preceding subsection at the time mentioned in paragraph (*a*) thereof, exceeds ten thousand pounds and, where the advance is one in relation to which a sum is prescribed under this section, exceeds twice the sum so prescribed, or

(*b*) the amount of his indebtedness to the society, ascertained in accordance with the last preceding subsection at the time mentioned in paragraph (*b*) thereof, exceeds five thousand pounds and, where the advance is one in relation to which a sum is prescribed under this section, exceeds the sum so prescribed.

(4) The Chief Registrar may, by an order made with the consent of the Treasury and contained in a statutory instrument, prescribe under this section a sum exceeding five thousand pounds in relation to advances made by building societies in any financial year beginning on or after the date of the coming into operation of the order.

(5) The power to make orders under this section shall include power to vary or revoke any previous order made thereunder.

(6) No order shall be made under this section unless a draft of the order has been approved by a resolution of each House of Parliament.

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(7) For the purposes of this section, and of sections twenty-two to twenty-four of this Act, any transaction to which a building society is a party whereby the mortgagor's interest under a mortgage securing an advance made by the society is, subject to the mortgage, transferred from one person to another shall be treated as an advance made by the society to that other person of an amount equal to the amount of the mortgage debt remaining unpaid immediately after the transfer, together with any arrears of interest then outstanding.

(8) An advance made jointly to two or more persons shall, for the purposes of this Act, be taken to be a special advance if an advance of the like amount made under the like conditions to any one of those persons would be a special advance in accordance with the preceding provisions of this section.

Ordinary limitations on special advances.

22.—(1) Subject to the following provisions of this Part of this Act, a building society shall so conduct its business as to secure that special advances are not made by it except as authorised by this section.

(2) At the end of each financial year a building society shall review the advances made by the society on the security of freehold or leasehold estate which are outstanding at the end of that year, and shall ascertain—

(*a*) the total amount of those advances which at that time has not been repaid to the building society, together with any arrears of interest in respect of those advances, and

(*b*) the proportion of that amount which is in respect of advances made to a body corporate, or made to a person who at that time is indebted to the society (taking into account any kind of debts, whether immediately repayable or not) in an amount exceeding five thousand pounds or such other sum as may be prescribed under the last preceding section, or made jointly to two or more persons any one of whom is so indebted to the society.

(3) If the proportion ascertained at the end of a financial year in accordance with paragraph (*b*) of the last preceding subsection (in this and the next following section referred to, in relation to that year, as " the ascertained proportion " for that year) does not exceed ten per cent., the building society may make special advances in the next following financial year, but so that the total amount of special advances made by it in that following financial year does not exceed ten per cent. of the total amount of all advances made by the society on the security of freehold or leasehold estate during that following financial year.

(4) If the ascertained proportion for a financial year exceeds ten per cent., but does not exceed twenty-five per cent., the building society may make special advances in the next following financial year, but so that the total amount of special advances made by it in that following financial year does not exceed two and one-half per cent. of the total amount of all advances made by the society on the security of freehold or leasehold estate in that following financial year.

(5) If the ascertained proportion for a financial year exceeds twenty-five per cent., the building society shall not make any special advances in the next following financial year, and shall not make in that year any advance unless, at the time when it is made, it can be ascertained that it will not be a special advance.

(6) A building society shall not make any special advances in the calendar year in which it is established, and shall not make in that year any advance unless, at the time when it is made, it can be ascertained that it will not be a special advance.

(7) If a building society does not comply with the requirements of this section, the society shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(8) Without prejudice to the last preceding subsection, if a building society does not comply with the requirements of this section, the Chief Registrar may present a petition for the winding up of the society under the Companies Act, 1948.

Permission to exceed limit for advances on property for letting as houses or flats.

23.—(1) The provisions of this section shall have effect where in any financial year—

(*a*) a building society is, in accordance with the provisions of the last preceding section, empowered to make special advances up to the limit specified in subsection (3) of that section, or up to the limit specified in subsection (4) thereof, and

(*b*) the society makes, or proposes to make, special advances on the security of freehold or leasehold estate consisting wholly or mainly of dwelling-houses or flats

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which it is proposed to construct, or which are in course of construction or have recently been constructed,

and, on an application to the Chief Registrar, the society shows to his satisfaction that the dwelling-houses or flats are being, or will be, made available for renting by tenants.

(2) For the purpose of authorising the building society to exceed the limit specified in subsection (3) or subsection (4) of the last preceding section, as the case may be, by an amount equal to the whole, or some proportion, of the amount of the advances in respect of which the application is made, the Chief Registrar may, if he thinks fit, grant to the society permission in writing to make special advances in the financial year in question in excess of that limit, but subject to such other limit under the said subsection (3) or subsection (4) as may be specified in the permission for that purpose.

(3) Where in the case of a building society—

(*a*) the ascertained proportion for a financial year exceeds ten per cent. but does not exceed twenty-five per cent., and accordingly subsection (4) of the last preceding section applies to the next following financial year, and

(*b*) the society shows to the satisfaction of the Chief Registrar that that proportion represents, in whole or in part, advances by reference to which permission has been granted under the preceding provisions of this section, on an application made thereunder at any time in respect of those advances,

the Chief Registrar may, if he thinks fit, grant to the society permission in writing to make special advances in that following financial year in excess of the limit specified in subsection (4) of the last preceding section, but subject to such other limit under that subsection as may be specified in the permission.

(4) The limit specified in any permission granted under this section in relation to a financial year may be expressed as a percentage of the total of all advances made by the building society in that year, or in any other manner.

(5) Where permission is granted under this section, the provisions of the last preceding section shall have effect accordingly.

Permission to make special advance to purchaser of mortgaged property.

24.—(1) The provisions of this section shall have effect where a building society, in the exercise of its powers as mortgagee, proposes to sell any freehold or leasehold estate mortgaged to the society, and to make to the purchaser an advance upon the security of that estate which will constitute a special advance.

(2) If, on an application to the Chief Registrar, the society shows to his satisfaction—

(*a*) that the person entitled to redeem the mortgage is a body corporate, or a person who is indebted to the

society (taking into account the advance secured by the mortgage and all other debts of any description, whether immediately repayable or not) in an amount exceeding five thousand pounds, or such other sum as may be prescribed under section twenty-one of this Act, and

(*b*) that the amount of the mortgage debt which, at the time of the application, has not been repaid to the society, together with any arrears of interest in respect of the advance secured by the mortgage, exceeds the amount of the advance which the society proposes to make to the purchaser of the freehold or leasehold estate,

the Chief Registrar may, if he thinks fit, grant to the society permission in writing to make the special advance to which the application relates.

(3) Any special advance for which permission is granted under this section shall be left out of account for the purposes of subsections (3) to (5) of section twenty-two of this Act.

General provisions

Valuation of security.

25.—(1) It shall be the duty of every director of a building society to satisfy himself that the arrangements made for assessing the adequacy of the security to be taken in respect of advances to be made by the society are such as may reasonably be expected to ensure that—

(*a*) the adequacy of any security to be so taken will be assessed either by the directors of the society or by a director or other officer of the society who is competent to make the assessment, and

(*b*) there will be made available to every person who has to assess the adequacy of any security to be so taken an appropriate report as to the value of any freehold or leasehold estate comprised in the security and as to any matter likely to affect the value thereof.

(2) In paragraph (*b*) of the preceding subsection the reference to an appropriate report, in relation to any freehold or leasehold estate, is a reference to a written report prepared and signed by a competent and prudent person who—

(*a*) is experienced in the matters relevant to the determination of the value of the estate, and

(*b*) is for the purposes of that paragraph not disqualified by virtue of the following provisions of this section for reporting on that estate.

(3) Subject to the next following subsection, a person who is a director or the manager or secretary of a building society shall

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for the purposes of paragraph (*b*) of subsection (1) of this section be disqualified for reporting on any freehold or leasehold estate comprised in security to be taken by the society in respect of any advance.

(4) During the period of ten years beginning with the first day of October, nineteen hundred and sixty, the last preceding subsection shall not apply to a person who has at all times since that day been a director or the manager or secretary of the building society in question, if, at the first annual general meeting of the society held after the thirty-first day of December, nineteen hundred and sixty, and at every subsequent annual general meeting, he has by special resolution been authorised, until the next annual general meeting, to make reports for the purposes of paragraph (*b*) of subsection (1) of this section.

For the purposes of this subsection retirement from office followed by immediate reappointment shall not be regarded as a break in the tenure of office.

(5) A person to whom a building society has made, or undertaken to make, a payment for introducing to the society an applicant for an advance shall for the purposes of paragraph (*b*) of subsection (1) of this section be disqualified for reporting on any freehold or leasehold estate comprised in security to be taken by the society in respect of any advance to be made to the applicant on that application.

(6) Where an advance is to be made by a building society following a disposition of freehold or leasehold estate which is comprised in security to be taken for the advance, any person having a financial interest in the disposition of that freehold or leasehold estate, and any person receiving a commission or gift for introducing the parties to the transaction involving that disposition, shall for the purposes of paragraph (*b*) of subsection (1) of this section be disqualified for reporting on that estate.

(7) A director of a building society who fails to carry out his duty under subsection (1) of this section, and any person who prepares a report on any estate with respect to which he is for the purposes of paragraph (*b*) of that subsection disqualified for reporting thereon, knowing or having reason to believe that the report will be used or is likely to be used for the purposes of that paragraph, shall be liable on summary conviction to a fine not exceeding two hundred pounds or to imprisonment for a term not exceeding six months.

Additional security for advances.

26.—(1) In determining the amount of an advance made by a building society to any of its members on the security of freehold or leasehold estate, the society shall not have power to take into account the value of any additional security taken by the society for the advance, except security of a class specified in the Third Schedule to this Act.

(2) Where a charge on a policy of life assurance is taken as additional security for such an advance, the value of the policy shall be assessed at an amount not exceeding the surrender value of the policy at the time when the advance is made.

(3) Where a guarantee given in pursuance of a continuing arrangement (not being such a guarantee as is mentioned in paragraph 3 of the Third Schedule to this Act) is taken as additional security for such an advance, the advance shall not exceed the amount of the purchase price for the defraying of which the advance is made, the basic advance shall not exceed eighty per cent. of that amount, and the excess advance shall not exceed twenty per cent. of that amount.

(4) The provisions of the Fourth Schedule to this Act shall have effect for the purposes of this section.

(5) The Chief Registrar shall have power, by order made with the consent of the Treasury and contained in a statutory instrument, to amend the Third Schedule or Part I or Part II of the Fourth Schedule to this Act for the purpose of extending the classes of additional security specified in the said Third Schedule, and shall have power to include in an order under this subsection provisions varying or revoking a previous order and such transitional, supplemental and incidental provisions as appear to him necessary or desirable.

(6) References in this Part of this Act to a member of a building society—

(*a*) include references to a person who has succeeded to any of the rights or liabilities of a member of the society, and

(*b*) in relation to anything done or to be done before the making of an advance, include references to a person who is a member of the society when the advance is made.

Record of advances.

27.—(1) Every building society shall cause records to be kept showing, with respect to every advance made by the building society on or after the first day of October, nineteen hundred and sixty, on the security of freehold or leasehold estate,—

(*a*) the value placed upon the estate in the report thereon under paragraph (*b*) of subsection (1) of section twenty-five of this Act, and the name of the person by whom the report was made, and

(*b*) particulars of any additional security taken by the society.

(2) If any building society fails to comply with the preceding subsection, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

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Security taken from third party.

28.—(1) This section applies to any advance made by a building society to one of its members (in this section referred to as "the borrower") for the purpose of its being used in defraying the purchase price of freehold or leasehold estate, where the society takes any security for the advance from another person:

Provided that this section does not apply to such an advance made to an individual where the only security taken for the advance from a third party is a guarantee given by an individual, not being a guarantee secured by a charge on any property.

(2) Except by leave of the court, no sums shall be recoverable, either by the building society or by any other person, in respect of an advance to which this section applies, or in respect of any security given for such an advance, whether by the borrower or otherwise, and no rights shall be exercisable by virtue of any such security, unless, before any contract requiring the borrower to repay the advance is entered into, the society gives to the borrower a notice fulfilling the requirements of the next following subsection.

(3) The said requirements are that the notice is in writing and in the prescribed form and—

(*a*) states the amount of the basic advance and of the excess advance (if any), and

(*b*) contains such particulars as may be prescribed relating to any security for the advance which is taken or is to be taken from any person other than the borrower:

Provided that, where the borrower is an individual, the notice need not refer to any guarantee by an individual, not being a guarantee secured by a charge on any property.

(4) Where a building society makes an advance to which this section applies without giving notice to the borrower in accordance with the provisions of subsection (2) of this section, the court may, either on an application for leave for the purposes of that subsection, or on an application made by the borrower, re-open the transaction, and may make such orders as to the sums which may be recovered in respect of the advance and in respect of any security given for it, as to the exercise of any rights conferred by any such security, and otherwise, as the court considers just.

(5) In this section "the court", in relation to a transaction in which the advance has not at any time exceeded six hundred pounds, means the county court, and, in relation to any other transaction, means the High Court:

Provided that Her Majesty may by Order in Council direct that this subsection shall have effect as if for the words "six hundred pounds" there were substituted such higher sum as may be specified in the Order; and any such Order may be revoked or varied by a subsequent Order made in like manner.

(6) In the application of this section to Scotland, "the court" shall include the Court of Session, and the last preceding subsection shall not apply.

Arrangement for excess advance in connection with sale of property.

29.—(1) This section applies to any contract for the acquisition of freehold or leasehold estate where, at the time when the contract is made, there is in force, between a building society and any person having a financial interest in the disposition of the estate, an arrangement in pursuance of which, in the event of the society making an advance comprising an excess advance for the purpose of its being used in defraying the purchase price of that estate, a person will or may provide additional security in respect of the advance.

(2) The person by whom a freehold or leasehold estate is to be acquired in pursuance of a contract to which this section applies may rescind the contract unless, before the contract was made, there was given to him a notice fulfilling the requirements of the next following subsection.

(3) The said requirements are that the notice is in writing and in the prescribed form and states that the security taken by the society for any advance made by the society for the purpose of its being used in defraying the purchase price of the estate in question may include additional security provided in pursuance of such an arrangement as is mentioned in subsection (1) of this section.

(4) Where a person is entitled by virtue of this section to rescind a contract, and he has paid a deposit in respect of the contract, he may recover an amount equal to the deposit from the person to whom the deposit was paid.

Implied warranty on advance to purchaser.

30. Where a building society makes to a member an advance for the purpose of its being used in defraying the purchase price of freehold or leasehold estate, the society shall be deemed to warrant to the member that the purchase price is reasonable, unless, before any contract requiring the member to repay the advance is entered into, the society gives to the member a notice in writing in the prescribed form stating that the making of the advance implies no such warranty.

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Representations as to sufficiency of security.

31.—(1) The provisions of this section shall have effect where—

(*a*) a building society makes an advance on the security of freehold or leasehold estate, and

(*b*) a person to whom this section applies makes any representation that the making of that advance by the society imports or implies an assurance to the person to whom the advance is made that the estate is sufficient security for the amount of the advance.

(2) This section applies to any person having a financial interest in the disposition of the estate in question or in the erection of a building thereon, and to any person who is the servant or agent of such a person.

(3) Where a person to whom this section applies makes such a representation as is mentioned in subsection (1) of this section in the circumstances therein mentioned, then (without prejudice to any other remedy in respect of the representation) he shall, unless he satisfies the court that he had reasonable grounds for believing the representation to be true, be liable on summary conviction to a fine not exceeding one hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

Restrictions on second mortgages.

32.—(1) A building society shall not advance money on the security of any freehold or leasehold estate which is subject to a prior mortgage, other than a charge of a class specified in the Fifth Schedule to this Act, unless the prior mortgage is in favour of the society.

(2) If a building society makes an advance in contravention of this section, the directors of the society who authorised the advance shall be jointly and severally liable for any loss on the advance occasioned to the society.

Advance for single premium life policy.

33.—(1) For the purpose of facilitating the repayment to a building society of an advance made by the society to a member (in this section referred to as " the borrower ") on the security of freehold or leasehold estate, the society shall have power to make to the borrower, by way of addition to the advance, a further advance of the whole or part of such sum as may be necessary to enable payment to be made of a single premium payable in respect of an appropriate policy of life assurance.

(2) A policy of life assurance is for the purposes of this section an appropriate policy if—

(*a*) it is a policy of life assurance on the life of the borrower or the spouse or son or daughter of the borrower, and

(*b*) it provides, in the event of the death, before the advance has been repaid, of the person on whose life the policy is effected, for payment of a sum not exceeding the amount sufficient to defray the sums which are, at and after the time of the death, payable to the society in respect of the advance as increased by the additional advance made by the society under the power conferred by this section.

(3) A sum added to an advance in pursuance of the power conferred by this section shall be treated as not forming part of the advance for the purpose of determining whether the advance is beyond the powers of the society on the grounds that—

(*a*) the amount of the advance is excessive, or

(*b*) the amount of any excess advance included in the advance is greater than that authorised by section twenty-six of this Act.

Supplementary provisions

Restriction on commissions for introduction of mortgage business.

34.—(1) Subject to the provisions of this section, it shall not be lawful—

(*a*) for a building society, or any officer, servant or agent of a building society, to offer or give or agree to give to a person known to the society, officer, servant or agent to have a financial interest in the disposition of any freehold or leasehold estate, or to be a servant of a person having such an interest, or

(*b*) for a person having such an interest, or a servant of such a person, to receive or agree to receive from a building society, or from any officer, servant or agent of a building society,

any commission in consideration of the introduction of mortgage business to the society in connection with the disposition of the freehold or leasehold estate in question, or in consideration of a promise to introduce such business to the society.

(2) Where a building society has a financial interest in the disposition of any freehold or leasehold estate, the preceding subsection—

(*a*) does not prohibit the society, or any officer, servant or agent of the society, from offering or giving or agreeing to give, in relation to the disposition of that estate, any commission to a servant of the society, unless, to the knowledge of the society, or of the officer, servant

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or agent of the society, as the case may be, he is a disqualified person for the purposes of this subsection, and

(*b*) does not prohibit a servant of the society, not being a disqualified person for the purposes of this subsection, from receiving or agreeing to receive, in relation to the disposition of that estate, a commission from the society or from an officer, servant or agent of the society.

(3) Any reference in the last preceding subsection to a disqualified person for the purposes of that subsection is a reference to a person who either himself has a financial interest in the disposition of the estate in question or, in addition to being a servant of the building society, is also a servant of another person who has such an interest.

(4) For the purposes of this section a person who is employed, otherwise than in pursuance of a contract of service, in connection with the disposition of any freehold or leasehold estate by a person who has a financial interest in the disposition thereof shall be treated, in relation to the disposition of that estate, as a servant of the person having that interest, unless he carries on, independently of that person, the business of a solicitor, estate agent, surveyor or auctioneer.

(5) Any person who contravenes the provisions of this section shall be liable on summary conviction to a fine not exceeding five hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(6) In this section " commission " includes a gift.

Prohibition of balloting for advances.

35. A building society shall not cause or permit applicants for advances to ballot for precedence, or in any way make the granting of an advance dependent on any chance or lot.

Provisions as to sale of mortgaged property.

36.—(1) Where any freehold or leasehold estate has been mortgaged to a building society as security for an advance, and a person sells that estate in the exercise of a power (whether statutory or express) exercisable by virtue of the mortgage, it shall be his duty—

(*a*) in exercising that power, to take reasonable care to ensure that the price at which the estate is sold is the best price which can reasonably be obtained, and

(*b*) within twenty-eight days from the completion of the sale, to send by registered post to the mortgagor, at

the mortgagor's last known address, a notice containing the prescribed particulars of the sale.

(2) In so far as any agreement relieves, or may have the effect of relieving, a building society or any other person from the obligation imposed by paragraph (*a*) of the preceding subsection, the agreement shall be void.

(3) If a building society fails without reasonable excuse to comply with paragraph (*b*) of subsection (1) of this section, the society shall be guilty of an offence; and every officer of the society who is bound by the rules of the society to fulfil the duty imposed by that paragraph, or, if there is no such officer, every director of the society, unless it appears that he was ignorant of, or attempted to prevent, the default, shall also be guilty of an offence.

(4) If a person other than a building society fails without reasonable excuse to comply with paragraph (*b*) of subsection (1) of this section, he shall be guilty of an offence.

(5) A building society or other person guilty of an offence under subsection (3) or subsection (4) of this section shall be liable on summary conviction to a fine not exceeding twenty pounds, and to an additional fine not exceeding five pounds for each week during which the offence continues.

(6) Nothing in this section shall affect the operation of any rule of law relating to the duty of a mortgagee to account to a mortgagor.

(7) In subsection (1) of this section "mortgagor", in relation to a mortgage in favour of a building society, includes any person to whom, to the knowledge of a person selling the estate as mentioned in that subsection, any of the rights or liabilities of the mortgagor under the mortgage have passed, whether by operation of law or otherwise.

Discharge of mortgages.

37.—(1) When all moneys intended to be secured by a mortgage given to a building society have been fully paid or discharged, the society may endorse on or annex to the mortgage one or other of the following, that is to say—

(*a*) a receipt under the society's seal, countersigned by any person acting under the authority of the board of directors, in the form set out in the Sixth Schedule to this Act;

(*b*) a reconveyance of the mortgaged property to the mortgagor;

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(*c*) a reconveyance of the mortgaged property to such person of full age, and on such trusts, if any, as the mortgagor may direct.

(2) Where in pursuance of the preceding subsection such a receipt as is therein mentioned is endorsed on or annexed to a mortgage, not being a charge or incumbrance registered under the Land Registration Act, 1925, the receipt shall operate in accordance with the provisions of subsections (1), (3), (6) and (8) of section one hundred and fifteen of the Law of Property Act, 1925 (which provides for the discharge of mortgages by a receipt) in the like manner as a receipt which fulfils all the requirements of subsection (1) of that section.

(3) Subsection (9) of section one hundred and fifteen of the Law of Property Act, 1925, shall not apply to a receipt endorsed or annexed by a building society which is in the form set out in the Sixth Schedule to this Act; and in the application of that subsection to a receipt so endorsed or annexed which is not in that form, the receipt shall be taken to be executed in the manner required by the statute relating to the society if it is under the society's seal and countersigned as mentioned in paragraph (*a*) of subsection (1) of this section.

(4) In the case of a mortgage of registered land within the meaning of the Land Registration Act, 1925, the preceding provisions of this section shall have effect without prejudice to the operation of the provisions of that Act or of any rules made thereunder, whether before or after the commencement of this Act.

(5) In this section " mortgage " includes a further charge, and " the mortgagor ", in relation to a mortgage, means the person for the time being entitled to the equity of redemption.

(6) This section shall not apply to Scotland.

Application of Part II to Northern Ireland societies.

38. In sections twenty-eight to thirty-one, section thirty-four, and subsections (1) and (2) of section thirty-six, of this Act " building society " includes a Northern Ireland society:

Provided that, in relation to a Northern Ireland society, subsection (1) of section thirty-six of this Act shall have effect as if paragraph (*b*) of that subsection were omitted.

PART III

BORROWING POWERS, AND GENERAL PROVISIONS AS TO INVESTORS AND DEPOSITORS AND OTHER LENDERS

Borrowing powers.

39.—(1) Subject to the provisions of this Act, a building society may borrow money, and accordingly may receive deposits or loans, at interest, to be applied for the purposes of the society.

(2) In the case of a permanent building society, the total amount so received and not repaid by the society shall not at any time exceed two-thirds of the amount for the time being secured to the society by mortgages from its members.

(3) In the case of a terminating building society, the total amount so received and not repaid by the society shall not at any time exceed whichever is the greater of the following amounts, that is to say,—

(*a*) two-thirds of the amount for the time being secured to the society by mortgages from its members, and

(*b*) twelve months' subscriptions on the shares for the time being in force.

(4) In calculating, for the purposes of subsections (2) and (3) of this section, the amount for the time being secured to a building society by mortgages from its members, no account shall be taken of any amount secured on a property if, at the date of the society's last preceding annual return,—

(*a*) payments in respect of that property were more than twelve months in arrear, or

(*b*) the society had been in possession of that property for twelve months.

(5) For the purposes of this section money deposited with a building society as security for an advance made by the society to a member, or as security for a guarantee given in respect of such an advance, shall be treated as money borrowed by the society.

Liability for borrowing in excess of powers.

40. If a building society receives loans or deposits in excess of the limits prescribed by this Act, the directors of the society receiving the loans or deposits on its behalf shall be personally liable for the amount of the excess.

Provisions of Act to be inserted in certain documents.

41.—(1) In or upon every deposit book or acknowledgment or security of any kind which after the commencement of this Act is given by a building society for a deposit or loan the whole of the following provisions of this Act shall be set out in writing, that is to say, subsections (1) and (2) of section eleven, subsections (1) to (3) of section thirty-nine, and this subsection.

(2) If a building society makes default in complying with the preceding subsection, the person by whom the default is made shall, on information laid by the central office, be liable on summary conviction to a fine not exceeding five pounds.

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(3) In the application of the last preceding subsection to Scotland, the words " on information laid by the central office " shall be omitted.

Minimum notice of withdrawal.

42.—(1) A building society shall not accept a deposit except on terms enabling the managers of the society to require notice (not being less than one month's notice) before repayment or withdrawal.

(2) If a building society contravenes the preceding subsection, the society, and every director who is a party to the contravention, shall be liable on summary conviction to a fine not exceeding ten pounds.

Guarantee fund.

43.—(1) Subject to the provisions of this section, a building society, or any two or more building societies, may enter into arrangements with a person carrying on the business of insurance, for the purpose of making funds available to meet losses incurred by persons investing in, or lending money to, a building society which is a party to the arrangements; and any two or more building societies may enter into any other kind of arrangements for that purpose.

(2) Subject to the provisions of this section, a building society shall have power to make contributions under arrangements made in accordance with this section.

(3) Arrangements under this section may in particular provide for the vesting of a fund in trustees appointed under the arrangements.

(4) Arrangements under this section shall not come into force, and no contributions shall be made thereunder by a building society, until they have been approved by the Chief Registrar; and the Chief Registrar shall not approve arrangements under this section unless they provide that any variation of their terms shall also require the approval of the Chief Registrar.

Assistance by building societies to other societies

44. Where it appears to the Chief Registrar that a society (being either a building society or a Northern Ireland society) is in financial difficulties he may, with the consent of the Treasury, authorise any building society to lend money to the first-mentioned society, and the building society shall have power to do so accordingly.

New investors and depositors to receive copies of accounts.

45.—(1) Every person who subscribes for shares in, or deposits money with, a building society shall, on first becoming a subscriber for shares or depositor therein, be given by the society a copy of the latest revenue and appropriation account and balance sheet of the society, together with a copy of the auditors' report and the directors' report.

(2) For the purposes of this section a subscription for shares to a value of less than one pound, made in order that the subscriber shall qualify as a person to whom the society may make advances, shall be disregarded.

(3) Subject to the next following subsection, if a building society fails to comply with this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

(4) On a prosecution under the last preceding subsection, it shall be a defence to prove that the building society had taken reasonable steps to make arrangements to comply with this section, and that the offence was due to inadvertence or exceptional circumstances.

Members or depositors dying intestate.

46.—(1) The provisions of this section shall have effect where a member of, or depositor with, a building society dies intestate, having a sum of money in the funds of the society not exceeding one hundred pounds.

(2) On receipt by the society of satisfactory evidence of the death, and of the requisite statutory declaration, the amount due may, without the grant of letters of administration or confirmation, be paid to the person who appears to the directors of the society to be entitled to receive it under the law for the time being in force in England and Wales, or in Scotland, as the case may be, with respect to the distribution of the estates of persons dying intestate.

(3) In the last preceding subsection the reference to the requisite statutory declaration is a reference to a statutory declaration that the member or depositor in question died intestate, and that the person claiming the amount is entitled to receive it as mentioned in that subsection.

(4) Where, after the death of a member or depositor, a building society, in the belief that he died intestate, has paid any such sum to the person who at that time appeared to be entitled to his effects, the payment shall be valid and effectual with respect to any demand against the funds of the society from any other person as next of kin or as the lawful representative of the deceased member or depositor; but any such next of kin or representative shall nevertheless have his remedy for the amount of the payment against the person who received it.

Depositor under age of twenty-one.

47. Any receipt or acknowledgment given to a building society by a person under the age of twenty-one years, in respect of the payment to him of any sum due in respect of the principal of, or interest on, sums lent by him to the society, shall not be invalid on the ground that he is under that age.

PART IV

POWERS OF CONTROL OF CHIEF REGISTRAR

Power to suspend borrowing and subscription for shares.

48.—(1) If, with respect to any building society, the Chief Registrar considers it expedient to do so in the interests of investors and depositors, he may, by an order made with the consent of the Treasury, apply subsection (2) of this section to the society.

(2) Subject to the provisions of this section, while this subsection applies to a building society, the society shall not—

(*a*) accept the deposit of, or otherwise borrow, any money, or

(*b*) accept any payment representing the whole or any part of the amount due by way of subscription for a share in the society, other than a payment which fell due before the making of the order applying this subsection to the society.

(3) This section shall not make it unlawful for a building society to borrow from a banking or finance company, or from a director or other officer of the society, if the society has obtained the consent in writing of the Chief Registrar.

(4) If a building society contravenes the provisions of subsection (2) of this section, it shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(5) References in this section to the amount due by way of subscription for a share in a building society do not include amounts due in respect of a share which represent interest on, or the repayment of, an advance made to the holder of the share.

(6) In this and the next following section "investors and depositors", in relation to a building society, means persons who have invested or deposited, or may invest or deposit, money with the society.

Supplementary provisions as to orders under s. 48.

49.—(1) Not less than fourteen days before making an order applying subsection (2) of the last preceding section to a building society, the Chief Registrar shall serve on the society, and on every director of the society, a notice stating that he proposes to make such an order.

(2) Any such notice served on a building society shall specify the considerations which have led the Chief Registrar to conclude that it would be in the interests of investors and depositors to make the order.

(3) The Chief Registrar shall consider any representations with respect to the notice which may be made to him by the building society within such period (not being less than fourteen days) from the date on which the society is served with the notice as the Chief Registrar may allow, and, if the society so requests, shall afford to it an opportunity of being heard by him within that period.

(4) On making an order applying subsection (2) of the last preceding section to a building society, the Chief Registrar shall serve on the society, and on every director of the society, a notice of the making of the order, and shall serve on the society a notice specifying the considerations which have led him to conclude that it is expedient to make the order in the interests of investors and depositors; and the Chief Registrar shall not have power to make an order unless all the considerations so specified were those, or were among those, which were specified in the notice served on the building society under subsections (1) and (2) of this section.

(5) A notice under this section may be served on a director of a building society by sending it by post to his address, or latest address, as notified to the Chief Registrar or the central office by the society or the director; and failure to serve a notice under this section on a director shall not affect the validity of an order under the last preceding section.

(6) Notice of the making of an order under the last preceding section shall be published by the Chief Registrar in the London, Edinburgh and Belfast Gazettes, and in such other ways as appear to him expedient for informing the public.

(7) Any order under the last preceding section may be revoked by a subsequent order made by the Chief Registrar with the consent of the Treasury.

Provisions consequential on orders under s. 48.

50.—(1) The provisions of this section shall have effect where an order is made applying subsection (2) of section forty-eight of this Act to a building society.

(2) Where, at the time when the order is made, a member is under an obligation to make payments to the society, representing instalments of the amount due by way of subscription for a share in the society, the obligation shall (subject to anything in the rules of the society or any agreement between the society and the member) be suspended in respect of each instalment for

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the period for which the order is in force; and accordingly, if the order is revoked, the sum due shall again become payable by instalments.

(3) Subject to the last preceding subsection, any obligation to make a payment which, under section forty-eight of this Act, the building society is prohibited from accepting shall be wholly rescinded.

(4) It shall be the duty of the society to make reasonable arrangements for using the funds of the society to meet applications by depositors or holders of shares in the society (being applications duly made in accordance with the rules of the society) for repayment of the money deposited or subscribed by them.

(5) If it appears to the Chief Registrar that, where an order under section forty-eight of this Act is in force, the building society has been applying an undue proportion of the funds of the society in making advances, in preference to meeting such applications as are mentioned in the last preceding subsection, he may, after giving notice to the society and affording it an opportunity of making representations, present a petition for the winding up of the society under the Companies Act, 1948.

(6) Subsection (5) of section forty-eight of this Act shall apply for the purposes of this section as it applies for the purposes of that section.

Power to control advertising.

51.—(1) If, with respect to any building society, the Chief Registrar considers it expedient to do so in the interests of persons who may invest or deposit money with the society, he may with the consent of the Treasury serve on the society a notice giving a direction under this section.

(2) A direction given to a building society under this section may—

(*a*) prohibit the issue by the society of advertisements of all descriptions, or

(*b*) prohibit the issue by the society of advertisements of any description specified in the direction, or

(*c*) prohibit the issue by the society of any advertisements which are, or are substantially, repetitions of an advertisement which has been issued and which is specified in the direction, or

(*d*) require the society to take all practicable steps to withdraw any advertisement, or any description of advertisement, specified in the direction which is on display in any place,

or may contain two or more such prohibitions or requirements as are mentioned in this subsection.

(3) If a building society contravenes a direction under this section, it shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

Supplementary provisions as to directions under s. 51.

52.—(1) Not less than one week before giving a direction under the last preceding section with respect to a building society, the Chief Registrar shall serve on the society, and on every director of the society, a notice stating that he proposes to give the direction.

(2) Any such notice served on a building society shall specify the considerations which have led the Chief Registrar to conclude that it would be in the interests of persons who may invest or deposit money with the society to give the direction.

(3) The Chief Registrar shall consider any representations with respect to the notice which may be made to him by the building society within the period of one week from the date on which the society is served with the notice, and, if the society so requests, shall afford to it an opportunity of being heard by him within that period.

(4) On giving a direction under the last preceding section the Chief Registrar shall serve on the building society, and on every director of the society, a notice of the giving of the direction, and shall serve on the society a notice specifying the considerations which have led him to conclude that it is expedient to give the direction in the interests of persons who may invest or deposit money with the society; and the Chief Registrar shall not have power to give a direction under the last preceding section unless all the considerations so specified were those, or were among those, which were specified in the notice served on the society under subsections (1) and (2) of this section.

(5) A notice under this section may be served on a director of a building society by sending it by post to his address, or latest address, as notified to the Chief Registrar or the central office by the society or the director; and failure to serve a notice under this section on a director shall not affect the validity of a direction under the last preceding section.

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(6) Any direction under the last preceding section may be varied or revoked at any time by a subsequent direction thereunder.

(7) References in subsections (1) and (4) of this section to a direction under the last preceding section do not include a direction revoking a previous direction.

Power to require documents and information.

53.—(1) The Chief Registrar may at any time serve a notice on a building society, or on any person who has in his possession or under his control any books, accounts, deeds or other documents relating to the business of a building society, requiring the society or other person to produce to the Chief Registrar such of those documents as the Chief Registrar considers necessary for the exercise of his powers under sections forty-eight to fifty-two of this Act:

Provided that the Chief Registrar shall not have power to require the production of documents which do not belong to the building society, and which are not deeds relating to property mortgaged to the society,—

(*a*) from a person who is or has been an auditor of the society, or

(*b*) from anyone other than a person who is or has been an officer or servant of the society.

(2) The Chief Registrar may also at any time serve a notice on a building society, or on any person who is or has been an officer or servant of a building society, requiring the society or other person to furnish him with such information relating to the business of the society as the Chief Registrar considers necessary for the exercise of his powers under sections forty-eight to fifty-two of this Act.

(3) Any notice under the last preceding subsection may contain a requirement that any information to be given in accordance with the notice shall be verified by statutory declaration.

(4) If a building society fails to comply with the requirements of a notice under this section, the society shall be liable on summary conviction to a fine not exceeding two hundred pounds, and every officer of the society who is in default shall be liable on summary conviction to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(5) If any person other than a building society fails to comply with the requirements of a notice under this section, he shall be liable on summary conviction to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

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Expenses of Chief Registrar under s. 53.

54.—(1) The Chief Registrar may, if he considers it just, direct that all or any of the expenses incurred by him under the last preceding section in relation to a building society shall, either wholly or to such extent as he may determine, be defrayed out of the funds of the society, or by the officers or former officers of the society or any of them.

(2) A building society, or officer or former officer of a building society, directed to pay any sum under the preceding subsection may appeal to the High Court against the direction, on the ground that the sum ought to be defrayed by some other of the persons who may be directed to defray expenses under that subsection, and the High Court shall have jurisdiction to vary any such direction accordingly.

(3) Subject to the last preceding subsection, any sum which a building society or other person is required to pay by a direction under this section shall be a debt to the Chief Registrar from that society or person.

(4) In the application of this section to a building society whose chief office is in Scotland, for references to the High Court there shall be substituted references to the Court of Session.

Special power in relation to small societies.

55.—(1) Where, in the case of a building society the assets of which do not exceed one hundred thousand pounds in value,—

(*a*) there has in the opinion of the Chief Registrar been a change in the scale or character of the business carried on by the society, or arrangements have in his opinion been made for such a change, and

(*b*) the Chief Registrar considers it expedient to do so in the interests of persons who have invested or deposited, or may invest or deposit, money with the society,

then, subject to the provisions of the next following section, the Chief Registrar may serve a notice on the society under this section.

(2) A notice under this section shall state that, unless within such period (not being less than two months) from the service of the notice as may be specified in the notice, there has been produced to the Chief Registrar evidence to his satisfaction as to the matters specified in the next following subsection, he proposes to give a direction that the society shall not—

(*a*) issue any shares or lend or borrow any money, or

(*b*) issue or cause to be issued any advertisement.

(3) The said matters are—

(*a*) that the directors of the society, or, as the case may be, one or more of them, have been issued with shares in

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the society on terms which comply with the requirements of the First Schedule to this Act;

(*b*) that the value of the shares (taking into account, in a case where more than one director has been issued with such shares, the shares issued to all the directors) amounts to five thousand pounds or more; and

(*c*) that there has been paid to the society in cash for those shares a sum or sums amounting in all to five thousand pounds or more.

(4) Where a notice under this section has been served on a building society, the Chief Registrar shall consider any representations made to him within the period of one month from the service of the notice on the society, and, if the society so requests, shall afford it an opportunity of being heard by him within that period.

(5) If, at the end of the period specified in such a notice, the Chief Registrar has not received evidence to his satisfaction as to the matters specified in subsection (3) of this section, he may at any time thereafter give to the society a direction that, while the direction is in force, the society shall not—

(*a*) issue any shares or lend or borrow any money, or

(*b*) issue or cause to be issued any advertisement;

and if, at the end of the period of two months beginning with the date on which he gives the direction, such evidence has not been received by him, he may present a petition for the winding up of the society under the Companies Act, 1948.

(6) If at any time after the Chief Registrar gives a direction under this section, and before he presents a petition in accordance with the last preceding subsection for the winding up of the building society, he receives such evidence as is mentioned in that subsection, he shall rescind the direction.

(7) If a building society contravenes a direction under this section, it shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

Supplementary provisions as to small societies.

56.—(1) The Chief Registrar shall not serve a notice under the last preceding section on a building society at any time within five years from the date on which the society was established.

(2) In the case of a building society where the directors have subscribed for shares in the society in compliance with a notice under the last preceding section, the Chief Registrar shall not serve a further notice under that section at any time within five years from the date of service of the previous notice.

(3) It shall be the duty of every building society whose assets do not exceed one hundred thousand pounds in value to furnish the Chief Registrar with such information as he may from time to time require for the purpose of ascertaining whether there has been a change in the scale or character of the business carried on by the society, or whether arrangements are being made for such a change.

(4) A building society shall have power to issue shares in compliance with the last preceding section, notwithstanding anything in the rules of the society.

(5) The provisions of the First Schedule to this Act shall have effect with respect to shares issued in compliance with the last preceding section, for the purpose of ensuring that the conditions attaching to the shares are observed until the end of the period of five years beginning with the date of the sending of the notice under the last preceding section.

(6) Where the Chief Registrar intends to present a petition for the winding up of a building society under subsection (5) of the last preceding section, he shall give notice of his intention to the society not less than one month before presenting the petition.

(7) If a building society fails to comply with any requirements of the Chief Registrar under subsection (3) of this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

General control of advertisements and other communications.

57.—(1) The Chief Registrar shall have power, with the consent of the Treasury, to make regulations with respect to the matter and form of any kinds of communications which a building society may issue or cause to be issued, and in particular—

(*a*) of any kinds of advertisements, or

(*b*) of any kinds of invitations, whether or not addressed to particular persons, to invest in or lend money to a building society.

(2) Regulations under this section may in particular—

(*a*) require that in any specified kinds of advertisements, or invitations to invest in or lend money to a building

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society, there shall be included a statement in the prescribed form concerning the general financial position of the building society, or giving any particular information with respect to the affairs of the society;

(*b*) require a building society to take the prescribed steps to withdraw advertisements which are on display in public places and which do not comply with the requirements of the regulations.

(3) The power to make regulations under this section shall be exercisable by statutory instrument; and any such regulations—

(*a*) may make different provision for different cases, and

(*b*) may contain such transitional, supplemental and incidental provisions as appear to the Chief Registrar to be desirable.

(4) If a building society contravenes any provisions contained in regulations under this section it shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(5) If an officer or servant of a building society contravenes any provisions contained in regulations under this section he shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(6) In this section "prescribed" means prescribed by regulations under this section.

PART V

INVESTMENT AND BANKING OF SURPLUS FUNDS

Authorised investments.

58.—(1) A building society shall not invest any part of the surplus funds of the society except in a manner authorised by an order made under this section by the Chief Registrar with the consent of the Treasury.

(2) An order under this section may contain—

(*a*) provisions authorising the application of funds of a building society in any form of investment subject to any limitations as to amount, whether by reference to a fixed sum or by reference to a proportion of the total investments of the society or otherwise;

(*b*) provisions varying or revoking a previous order, and such transitional, supplemental and incidental provisions as appear to the Chief Registrar to be necessary or desirable.

(3) The power to make orders under this section shall be exercisable by statutory instrument.

(4) In this Part of this Act "surplus funds", in relation to a building society, means funds of the society which are not immediately required for its purposes.

Authorised banks.

59.—(1) Subject to the following provisions of this Part of this Act, in so far as any surplus funds of a building society—

(*a*) are not invested in accordance with the last preceding section, and

(*b*) are not kept in cash in the custody of officers of the society,

the society shall keep them on current account with, or otherwise on loan to, a bank which is for the time being authorised under this section to hold funds of building societies.

(2) The Chief Registrar shall, by an order made with the consent of the Treasury, designate the banks which are authorised as mentioned in the preceding subsection.

(3) Any order under this section—

(*a*) may be varied by a subsequent order made by the Chief Registrar with the consent of the Treasury, and

(*b*) shall be published in the London, Edinburgh and Belfast Gazettes.

(4) Where a bank ceases to be authorised as mentioned in subsection (1) of this section, and any funds of a building society on loan to that bank thereupon cease to be kept in a manner permitted by that subsection, the society shall take all practicable steps to call in and realise the loan within the period of three months from the time when the bank ceased to be so authorised, or, if that is not possible, as soon after the end of that period as possible.

(5) In this section "bank" means a body corporate or partnership carrying on the business of banking, and a trustee savings bank or other savings bank established under any Act of Parliament, whether public or local.

PART V

Exemption of investments made before 1st January, 1961.

60.—(1) Subsection (1) of the last preceding section shall not apply to surplus funds of a building society represented by any investment made before the first day of January, nineteen hundred and sixty-one, under the enactments specified in the next following subsection, so long as the society—

(*a*) continues to hold that investment, and

(*b*) does not enter into any transaction the effect of which is to alter the terms on which the investment is held.

(2) The said enactments are—

(*a*) section twenty-five of the Building Societies Act, 1874 (which prescribed the manner in which building societies might invest surplus funds);

(*b*) section sixteen of the Building Societies Act, 1894, (which authorised building societies, within certain limits, to deposit money in, or invest in government stock through, a savings bank); and

(*c*) in relation to a building society which, before its incorporation, was an unincorporated society certified under the Act of 1836, section thirteen of the Friendly Societies Act, 1829 (which, as applied by virtue of section four of the Building Societies Act, 1836, and section seven of the Building Societies Act, 1874, prescribes the manner in which an unincorporated society so certified may invest surplus funds).

Offences under Part V.

61.—(1) If a building society contravenes subsection (1) of section fifty-eight or subsection (1) or subsection (4) of section fifty-nine of this Act, the society shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(2) Where a bank (within the meaning of section fifty-nine of this Act) ceases to be authorised as mentioned in subsection (1) of that section, and any funds of a building society on loan to the bank thereupon cease to be kept in a manner permitted by that subsection, the society shall not on that account be guilty of an offence under that subsection, but without prejudice to the operation of subsection (4) of that section or of subsection (1) of this section in relation to the said subsection (4).

PART VI

MANAGEMENT AND ADMINISTRATION

Register of members

Duty to keep register.

62.—(1) Every building society shall maintain a register of the names and addresses of the members of the society.

(2) Subject to the next following subsection, the register shall be kept at the chief office of the society.

(3) With the consent in writing of the central office, the register, or parts of it, may be kept at one or more of the offices of the building society other than its chief office.

(4) If a building society contravenes subsection (1) of this section the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Right of member to obtain particulars from register.

63.—(1) At any time—

(*a*) when an order is in force with respect to a building society under section forty-eight of this Act, or under section six of the Building Societies Act, 1960, or section eleven of the Prevention of Fraud (Investments) Act, 1958, or section eleven of the Prevention of Fraud (Investments) Act, 1939, or

(*b*) when a written request to withdraw any share in a building society has been given to the society more than six months previously, and the society has (whether in reliance on a provision in the rules of the society or otherwise) not yet complied with the request, or

(*c*) in the twelve months following a financial year in which the holders of shares in a building society did not become entitled to any interest or dividend on their shares,

a member of the society shall have the right to obtain, from the register kept under the last preceding section, the names and addresses of members of the society, for the purpose of communicating with them on a subject relating to the affairs of the society.

(2) If, at any time not falling within any of paragraphs (*a*) to (*c*) of the preceding subsection, a member of a building society makes a written application to the Chief Registrar for the right to obtain names and addresses from the register, the Chief Registrar, if satisfied that the applicant requires that right for the purpose of communicating with members of the society on a subject relating to its affairs, and having regard to the interests of the members as a whole and to all the other circumstances, may direct that the applicant shall have the right to

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obtain from the register the names and addresses of the members for the purpose of communicating with them on such a subject.

(3) Any direction under the last preceding subsection may be given subject to such limitations or conditions as the Chief Registrar may think fit.

(4) Before giving a direction under this section, the Chief Registrar shall give particulars of the application to the building society, and shall afford the society an opportunity of making representations with respect to the application; and the Chief Registrar shall, if the applicant or the society so requests, afford to the applicant and to the society an opportunity of being heard by him.

(5) A member entitled under this section to obtain the names of members of a building society may apply in writing to the society, describing in the application the subject on which he proposes to communicate with other members of the society; and the society shall give him all necessary information as to the place or places where the register or part of it is kept, and reasonable facilities for inspecting the register and taking a copy of any names and addresses in the register.

(6) A building society shall not be obliged to disclose to a member making an application under this section any particulars contained in the register other than the names of the members and their addresses, and may construct the register in such a way that it is possible to open the names and addresses to inspection without exposing any such other particulars.

Meetings and resolutions

Annual general meeting.

64.—(1) Subject to the following provisions of this section, every building society shall in the first four months of each financial year hold a meeting as its annual general meeting, in addition to any other meetings held in that year.

(2) The annual general meeting shall be described as such in the notices calling it.

(3) A building society need not hold an annual general meeting in the calendar year in which it is incorporated, unless before its incorporation it was an unincorporated society certified under the Act of 1836.

(4) If in any financial year default is made in holding a meeting of a building society in accordance with the preceding provisions of this section, the Chief Registrar may call, or direct the calling of, an annual general meeting in that financial year, and give such ancillary or consequential directions as

he thinks expedient, including directions modifying or supplementing the operation of the rules of the society in relation to the calling, holding and conducting of the meeting.

(5) If default is made in holding an annual general meeting of a building society in accordance with subsections (1) to (3) of this section, or in complying with any directions of the Chief Registrar under the last preceding subsection, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Length of notice for calling meetings.

65.—(1) Any provision contained in the rules of a building society shall be void in so far as it provides for the calling of a meeting of the society (other than an adjourned meeting) by a shorter notice than twenty-one days' notice in writing.

(2) Except in so far as the rules of a building society make other provision in that behalf (not being a provision rendered void by the preceding subsection) a meeting of a building society (other than an adjourned meeting) may be called by twenty-one days' notice in writing.

(3) Where notice of a meeting is given in accordance with the last preceding subsection, the notice shall be taken for the purposes of this Act or any other Act to have been duly given according to the rules of the building society.

(4) Notice of a meeting of a building society shall not be sent to members of the society more than fifty-six days before the date of the meeting.

Persons entitled to notice of meetings.

66.—(1) Written notice of any meeting of a building society which specifies the intention to propose a resolution as a special resolution at the meeting shall be sent to every member qualified to vote on a special resolution at the meeting.

(2) Subject to the preceding subsection, written notice of any meeting of a building society shall be sent to every member of the society:

Provided that (subject to the rules of the society) notice of a meeting is not required by virtue of this subsection to be sent to a member who at the relevant time did not, or, as the case may be, does not hold shares in the society to a value of twenty-five pounds or more.

(3) For the purposes of the proviso to the last preceding subsection the relevant time—

(*a*) if the building society was established in the calendar year in which the notices are being sent, is the time at which the notices are sent, and

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(*b*) in any other case, is the end of the financial year preceding that in which the notices are sent.

(4) Accidental omission to give notice of a meeting to, or non-receipt of notice of a meeting by, any person entitled to receive notice of the meeting shall not invalidate the proceedings at that meeting.

Proxies.

67.—(1) Any member of a building society entitled to attend and vote at a meeting of the society shall be entitled to appoint another person (whether a member or not) as his proxy to attend and (subject to the next following subsection) to vote instead of him.

(2) Unless the rules of the building society otherwise provide, a proxy is not entitled to vote except on a poll.

(3) In every notice calling a meeting of a building society there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of him, and that a proxy need not also be a member.

(4) If default is made in complying with the last preceding subsection in respect of any meeting, every officer of the building society who is in default shall be liable on summary conviction to a fine not exceeding two hundred pounds.

(5) Any provision contained in the rules of a building society shall be void in so far as it would have the effect of requiring the instrument appointing a proxy, or any other document necessary to show the validity of, or otherwise relating to, the appointment of a proxy, to be received by the society or any other person more than forty-eight hours before a meeting or adjourned meeting in order that the appointment may be effective at the meeting or adjourned meeting.

Right to demand a poll.

68.—(1) Any provision contained in the rules of a building society shall be void in so far as it would have the effect either—

(*a*) of excluding the right to demand a poll at a meeting of the society, on any question other than the election of a chairman of the meeting or the adjournment of the meeting, or

(*b*) of making ineffective a demand for a poll on any such question which is made by not less than ten members having the right to vote at the meeting.

(2) The instrument appointing a proxy to vote at a meeting of a building society shall be taken also to confer authority to demand or join in demanding a poll; and for the purposes

of the preceding subsection a demand by a person as proxy of a member shall be the same as a demand by the member. PART VI

Special resolutions.

69.—(1) A resolution of a building society shall be a special resolution when it has been passed by not less than three-fourths of the number of the members of the society qualified to vote on a special resolution, and voting, in person or by proxy, on a poll on the resolution, at a meeting of the society of which notice specifying the intention to move the resolution as a special resolution has been duly given.

(2) The members qualified to vote on a special resolution at a meeting of a building society shall be all the members of the society who were also members at the end of the last financial year before the date of the meeting, except that, if the rules of the society so provide, members who, at the end of that financial year, did not, or at the date of the meeting do not, hold shares in the society to a value of one pound or more shall not be qualified to vote.

(3) For the purposes of this section—

(*a*) notice of a meeting shall be taken to be duly given if the notice is given in the manner provided by this Act and by the rules of the building society;

(*b*) a meeting of a building society shall be taken to be duly held if it is held in the manner provided by the rules of the society.

(4) Notwithstanding anything in the rules of a building society, the business which may be dealt with at the annual general meeting, or at any other meeting, shall include any resolution to be passed as a special resolution.

(5) In any rules made by a building society on or after the first day of October, nineteen hundred and sixty, whether before or after the commencement of this Act, "special resolution", unless the context otherwise requires, means a special resolution as defined in this section.

Notices of meetings to include notices of members' special resolutions.

70.—(1) If a member of a building society applies in writing to the society, and gives notice of his intention to move a special resolution at a meeting of the society, it shall be the duty of the society to include in the notice of the meeting a notice specifying the intention to move that resolution as a special resolution at the meeting.

(2) If the applicant does not specify the meeting at which he intends to move the resolution, or if he specifies a meeting which will be held fifty-six days or less after the receipt of the notice by the building society, the society shall act on the footing

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that he intends to move the special resolution at the first meeting of the society held more than fifty-six days after the date of the application.

(3) If a building society fails to comply with an application duly made under this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

(4) In this section "special resolution" means a resolution which will not be effective unless it is passed as a special resolution.

Directors and other officers

Officers of building society to give security.

71.—(1) Every officer of a building society having the receipt or charge of any money belonging to the society shall, before entering upon the execution of his office, give security in such sum as the society may require, conditioned for rendering a just and true account of all moneys received and paid by him on account of the society, and for payment of all sums of money due from him to the society, at such times as its rules appoint or as the society may require.

(2) An officer shall give security in accordance with the preceding subsection either—

(*a*) by becoming bound, with at least one sufficient surety, in a bond in the form set out in the Seventh Schedule to this Act, or

(*b*) by giving the security of a guarantee society, or such other security as the building society may direct.

(3) In relation to Scotland, the reference in this section to a surety shall include a reference to a cautioner.

Duty of officers of building society to account.

72.—(1) Every such officer of a building society as is mentioned in the last preceding section shall, on demand, or if required to do so by notice in writing given or left at his last or usual place of residence, render an account as may be required by the directors of the society, to be examined and allowed or disallowed by them.

(2) Every such officer shall, on the like demand or notice, pay over all the moneys remaining in his hands, and deliver all securities and effects, books, papers and property of the society in his hands or custody, to such person as the building society may appoint.

(3) Any duty imposed by the preceding subsections on an officer of a building society shall, after his death, be taken to be imposed on his personal representatives.

(4) In case of any neglect or refusal to comply with the preceding provisions of this section, the building society—

(*a*) may sue on the bond (if any) given under the last preceding section, or

(*b*) may apply to the court, which may proceed on the application in a summary way and make such order as appears to the court to be just.

(5) Subject to the provisions of section one hundred and eight of the County Courts Act, 1959 (which relates to appeals from county courts on points of law and as to the admission or rejection of evidence), any order of the court under the last preceding subsection shall be final and conclusive.

Disclosure of interest by directors.

73.—(1) Subject to the provisions of this section, it shall be the duty of a director of a building society who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the society to declare the nature of his interest to the board of directors of the society in accordance with this section.

(2) In the case of a proposed contract, the declaration required by this section to be made by a director shall be made at the meeting of the directors at which the question of entering into the contract is first taken into consideration, or, if the director was not at the date of that meeting interested in the proposed contract, at the next meeting of the directors held after he becomes interested in the proposed contract.

(3) Where the director becomes interested in a contract with the building society after it is made, the declaration required by this section shall be made at the first meeting of the directors held after he becomes interested in the contract.

(4) For the purposes of this section, a general notice given at a meeting of the directors of a building society by a director to the effect that he is a member of a specified company or firm, and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm, is a sufficient declaration of interest in relation to any contract made after that date with that company or firm.

(5) A director need not make a declaration or give a notice under this section by attending in person at a meeting of the directors, if he takes reasonable steps to secure that the declaration or notice is brought up and read at the meeting.

(6) A director who fails to comply with the provisions of this section shall be liable on summary conviction to a fine not exceeding two hundred pounds.

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(7) Nothing in this section shall be taken to prejudice the operation of any rule of law restricting directors of a building society from having any interest in contracts with the society.

Officers not to accept commissions in connection with loans.

74.—(1) No director, secretary, surveyor, solicitor or other officer of a building society shall (in addition to the remuneration prescribed or authorised by the rules of the society) accept from any other person any commission for or in connection with any loan made by the society.

(2) If an officer of a building society accepts a commission in contravention of the preceding subsection—

(*a*) both he and the person who paid it shall each be liable on summary conviction to a fine not exceeding fifty pounds, or to imprisonment for a term not exceeding six months; and

(*b*) if, having been convicted of an offence under the preceding paragraph, the officer in question fails to pay over to the society the amount or value of the commission, as and when directed to do so by the court which convicted him of that offence, he shall be guilty of an offence under this paragraph and liable on summary conviction to imprisonment for a term not exceeding six months.

(3) Where—

(*a*) a charge upon a policy of life assurance is given as additional security for an advance made by a building society, or

(*b*) a building society makes an additional advance to enable payment to be made of a premium on a policy of insurance, or

(*c*) any policy of insurance is taken out so as to comply with the terms on which an advance is made by a building society, whether by way of insuring the property given as security for the advance or otherwise,

and the policy is effected through the building society, or the society nominates or selects a person by whom the policy is to be issued, it shall be unlawful for a director or other officer of the society, in connection with the effecting of the policy, to receive any commission from a person by or through whom the policy is issued.

(4) A person who pays, and a person who accepts, any commission which it is unlawful to receive under the last preceding subsection shall be liable on summary conviction to a fine not exceeding fifty pounds, or to imprisonment for a term not exceeding six months.

(5) In this section "commission" includes any gift, bonus or benefit.

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Notification of changes in holders of certain offices.

75.—(1) Whenever a person becomes or ceases to be a director or the manager or secretary of a building society, the society shall within one month give notice to the central office stating the full name and address of that person, and particulars of the office which he has taken or relinquished.

(2) If a building society fails to comply with this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Accounts and audit

Keeping of books of account and office management.

76.—(1) Every building society shall—

(*a*) cause to be kept proper books of account with respect to its transactions and its assets and liabilities, and

(*b*) establish and maintain a system of control and inspection of its books of account and a system for supervising its cash holdings and all receipts and remittances.

(2) For the purposes of paragraph (*a*) of the preceding subsection proper books of account shall not be taken to be kept with respect to the matters mentioned in that paragraph if there are not kept such books as are necessary to give a true and fair view of the state of the affairs of the building society and to explain its transactions.

(3) Every building society shall establish and maintain a system to ensure the safe custody of all documents of title belonging to the building society, and of the deeds relating to property mortgaged to the society.

(4) For the purposes of the last preceding subsection a building society shall not be taken to have established a proper system unless, under the system, on each occasion on which any such document of title or deed is released from the custody of the officers of the society, the consent is obtained of the board of directors of the society, or of a person authorised by the board of directors of the society to give such a consent.

(5) Subject to the following provisions of this Part of this Act, if a director of a building society fails to take all reasonable steps to secure compliance by the society with the requirements of this section, or has by his own wilful act been the cause of any default by the society thereunder, he shall, in respect of each offence, be liable on summary conviction to a fine not exceeding two hundred pounds or to imprisonment for a term not exceeding six months.

Revenue and appropriation account and balance sheet.

77.—(1) The directors of every building society shall lay before the society at the annual general meeting—

(*a*) a revenue and appropriation account for the last financial year ending before the date of the annual general meeting, and

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(*b*) a balance sheet as at the end of that financial year.

(2) Subject to the following provisions of this Part of this Act, if a director of a building society fails to take all reasonable steps to comply with the preceding subsection, he shall, in respect of each offence, be liable on summary conviction to a fine not exceeding two hundred pounds or to imprisonment for a term not exceeding six months.

General provisions as to contents and form of accounts.

78.—(1) Every balance sheet of a building society shall give a true and fair view of the state of the affairs of the society as at the end of its financial year; and every revenue and appropriation account of a building society shall give a true and fair view of the income and expenditure of the society for the financial year.

(2) The Chief Registrar shall have power, with the consent of the Treasury, to make regulations as to the particulars to be included in, and the form of, a building society's balance sheet and revenue and appropriation account; and regulations under this section may require the inclusion in the balance sheet and revenue and appropriation account of corresponding particulars for a preceding financial year of the society.

(3) The requirements of regulations under the last preceding subsection shall be without prejudice to the general requirements of subsection (1) of this section or of any other requirements of this Act.

(4) Subject to the next following section, if, in relation to a balance sheet or revenue and appropriation account laid before a building society at its annual general meeting, a director of the society fails to take all reasonable steps to secure compliance with the provisions of this section and of any regulations made under this section, he shall, in respect of each offence, be liable on summary conviction to a fine not exceeding two hundred pounds or to imprisonment for a term not exceeding six months.

(5) The power to make regulations under this section shall be exercisable by statutory instrument.

Supplementary provisions as to offences under ss. 76 to 78.

79.—(1) In any proceedings against a person in respect of—

(*a*) an offence under section seventy-six of this Act consisting of a failure to take reasonable steps to secure compliance by a building society with the requirements of that section, or

(*b*) an offence under section seventy-seven or seventy-eight of this Act,

it shall be a defence to prove that he had reasonable grounds to believe, and did believe, that a competent and reliable person was charged with the duty of seeing that the relevant requirements or provisions were complied with and was in a position to discharge that duty.

(2) A person shall not be sentenced to imprisonment for any such offence as is mentioned in paragraph (*a*) or paragraph (*b*) of the preceding subsection unless, in the opinion of the court dealing with the case, the offence was committed wilfully.

(3) In this section " the relevant requirements or provisions "—

(*a*) in relation to section seventy-six of this Act, means the requirements of that section;

(*b*) in relation to section seventy-seven of this Act, means the provisions of that section; and

(*c*) in relation to section seventy-eight of this Act, means the provisions of that section and of any regulations made thereunder.

Signing of balance sheet.

80.—(1) Every balance sheet of a building society shall be signed on behalf of the board of directors of the society by two of the directors, and by the manager or secretary of the society.

(2) If a balance sheet has not been signed as required by this section, and a copy of it is issued, circulated or published, the building society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Account and auditors' report to be annexed to balance sheet.

81.—(1) The revenue and appropriation account shall be annexed to the balance sheet, and the auditors' report shall be attached to it.

(2) The revenue and appropriation account so annexed shall be approved by the board of directors of the building society before the balance sheet is signed on their behalf.

(3) If any copy of a balance sheet is issued, circulated or published without having annexed to it a copy of the revenue and appropriation account, or without having attached to it a copy of the auditors' report, the building society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Directors' report.

82.—(1) The directors shall prepare for submission at the annual general meeting a report on the state of the affairs of the building society.

(2) The directors' report shall include a statement setting out for the financial year last ending before the annual general meeting at which the directors' report is submitted—

(*a*) the total amount advanced during the financial year by the building society on the security of freehold or leasehold estate, and the total number of mortgages executed in favour of the society during that year;

(*b*) the proportion of the total amount advanced by the building society as mentioned in the preceding paragraph which represents special advances, and the

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number of mortgages executed during that financial year to secure special advances;

(*c*) the total amount of money received during the financial year by way of investments in, or loans to, the building society from members or depositors, and the total amount of money paid out by the society by way of repayment of the principal value of shares in the society, or by way of repayment of sums lent to the society by depositors;

(*d*) the number of cases in which, at the end of the financial year, a mortgagor was in arrears with payments due to the society under his mortgage on account of principal and interest to an amount which exceeded the amount which fell due under the mortgage on account of principal and interest in that financial year; and

(*e*) the total of the amounts of the arrears at the end of the financial year in all the cases falling within the last preceding paragraph.

(3) The directors' report shall be attached to the balance sheet; and if any copy of a balance sheet is issued, circulated or published without having attached to it a copy of the directors' report, the building society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Right to receive copies of balance sheet and auditors' and directors' report.

83.—(1) A copy of every balance sheet, including every document required by law to be annexed to it, which is to be laid before a building society at the annual general meeting, together with a copy of the auditors' report and of the directors' report, shall, not less than twenty-one days before the date of the meeting, be sent to the Chief Registrar, and to every member of the society, other than a member who, at the end of the financial year to which the balance sheet relates, does not hold shares in the society to the value of twenty-five pounds or more.

(2) Any member of a building society, whether he is or is not entitled to have sent to him copies of the society's balance sheets, and every depositor in a building society, shall be entitled, on demand and without charge, to be furnished with a copy of the last balance sheet of the society, including every document required by law to be annexed to it, together with a copy of the auditors' report and of the directors' report.

(3) If default is made in complying with subsection (1) of this section, or if, when any person makes a demand for any document with which he is by virtue of the last preceding subsection entitled to be furnished, default is made in complying with the demand within seven days after the demand is made, the building society, and every officer of the society who is in default,

shall be liable on summary conviction to a fine not exceeding two hundred pounds. PART VI

Appointment of auditors.

84.—(1) Every building society shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting.

(2) At any annual general meeting a retiring auditor, however appointed, shall be re-appointed without any resolution being passed unless—

(*a*) he is not qualified for re-appointment, or

(*b*) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed, or

(*c*) he has given to the society notice in writing of his unwillingness to be re-appointed:

Provided that, where notice is given of an intended resolution to appoint some person or persons in place of a retiring auditor, and by reason of the death, incapacity or disqualification of that person or of those persons, as the case may be, the resolution cannot be proceeded with, the retiring auditor shall not be automatically re-appointed by virtue of this subsection.

(3) The provisions of this subsection shall have effect with respect to the first auditors of a building society, that is to say,—

(*a*) those auditors may be appointed by the directors of the society at any time before the first annual general meeting, and (subject to the next following paragraph) auditors so appointed shall hold office until the conclusion of that meeting;

(*b*) the building society may at a meeting remove any auditors so appointed, and appoint in their place any other persons who have been nominated for appointment by any member of the society and of whose nomination notice has been given to the members of the society not less than fourteen days before the date of the meeting;

(*c*) if the directors fail to exercise their powers under paragraph (*a*) of this subsection, the building society in general meeting may appoint the first auditors, and thereupon the powers of the directors under that paragraph shall cease:

Provided that paragraph (*b*) of this subsection shall have effect subject to the provisions of the next following section.

(4) The directors may fill any casual vacancy in the office of auditor; but while any such vacancy continues, the surviving or continuing auditor or auditors (if any) may act.

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(5) A person holding the office of auditor of a building society shall, by virtue of holding that office, be an officer of the society unless the rules of the society otherwise provide.

Provisions as to resolutions relating to appointment and removal of auditors.

85.—(1) A resolution at a building society's annual general meeting—

(*a*) appointing as auditor a person other than a retiring auditor, or

(*b*) providing expressly that a retiring auditor shall not be re-appointed,

shall not be effective unless notice of the intention to move it has been given to the society not less than twenty-eight days before the meeting at which it is moved:

Provided that if, after notice of the intention to move such a resolution has been given to the society, the annual general meeting is called for a date less than twenty-eight days after the notice has been given, the notice, although not given within the time required by the preceding provisions of this subsection, shall be deemed to have been so given.

(2) A building society shall give to its members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting, or, if that is not practicable, shall give them notice of the resolution, not less than twenty-one days before the meeting, either by advertisement in a newspaper having an appropriate circulation or in any other way allowed by the rules of the society.

(3) On receipt by a building society of notice given under subsection (1) of this section of an intended resolution, the society shall forthwith send a copy of the notice to the retiring auditor (if any).

(4) Subject to the next following subsection, where such a notice is given, and the retiring auditor makes representations in writing to the building society (not exceeding a reasonable length) with respect to the intended resolution, and requests that those representations be notified to members of the society, the society shall, unless the representations are received too late for it to do so,—

(*a*) in any notice of the resolution given to members of the society, state the fact of the representations having been made, and

(*b*) send a copy of the representations to every member of the society to whom notice of the meeting is sent (whether before or after receipt of the representations by the society),

and if a copy of the representations is not sent as required by the preceding provisions of this subsection, either because the representations are received too late or because of the society's default, the auditor (without prejudice to his right to be heard

orally) may require that the representations be read out at the meeting.

(5) Copies of any such representations need not be sent out, and the representations need not be read out at the meeting, if, on the application either of the building society or of any other person who claims to be aggrieved, the High Court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter; and the court may order the building society's costs on an application under this section to be paid, in whole or in part, by the auditor, notwithstanding that he is not a party to the application.

(6) Subsections (4) and (5) of this section shall apply in relation to a resolution to remove the first auditors of a building society, by virtue of paragraph (*b*) of subsection (3) of the last preceding section, as they apply in relation to a resolution that a retiring auditor shall not be re-appointed.

(7) In the application of subsection (5) of this section to a building society whose chief office is in Scotland, for the reference to the High Court there shall be substituted a reference to the Court of Session and for the reference to costs there shall be substituted a reference to expenses.

Qualifications of auditors.

86.—(1) Subject to the next following subsection, no person shall be appointed as auditor of a building society unless he is a member of one or more of the following bodies:—

(*a*) the Institute of Chartered Accountants in England and Wales;

(*b*) the Institute of Chartered Accountants of Scotland;

(*c*) the Association of Certified and Corporate Accountants;

(*d*) the Institute of Chartered Accountants in Ireland;

(*e*) any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of paragraph (*a*) of subsection (1) of section one hundred and sixty-one of the Companies Act, 1948, by the Board of Trade.

(2) A person who was an auditor of a building society on the first day of October, nineteen hundred and sixty, shall, notwithstanding that he is not for the time being a member of any of those bodies, be qualified for appointment or re-appointment as an auditor of that society at any annual general meeting of the society if, at the time of that meeting, he is authorised under paragraph (*b*) of subsection (1) of section one hundred and sixty-one of the Companies Act, 1948, to be appointed as auditor of a company.

(3) None of the following persons shall be appointed as auditor of a building society—

(*a*) an officer or servant of the society;

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(*b*) a person who is a partner of or in the employment of, or who employs, an officer or servant of the society;

(*c*) a body corporate.

References in this subsection to an officer or servant shall be construed as not including an auditor.

(4) Subsections (1) and (3) of this section shall have effect notwithstanding anything in the rules of any building society.

(5) Nothing in this section shall prevent the appointment as auditor of a building society of a Scottish firm if none of the partners of the firm is by virtue of this section disqualified for appointment as auditor of the society.

(6) Any body corporate which is appointed as auditor of a building society in contravention of subsection (3) of this section, and acts under the appointment, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Auditors' report and right of access to books and to attend and be heard at meetings.

87.—(1) The auditors of a building society shall make a report to the members on the accounts examined by them, and on every balance sheet and every revenue and appropriation account laid before the society at the annual general meeting during their tenure of office.

(2) The auditors' report shall be read before the building society at the annual general meeting and shall be open to inspection by any member.

(3) The report shall state whether the balance sheet and revenue and appropriation account are properly drawn up in accordance with the requirements of this Act and the regulations made thereunder, and whether, in the opinion of the auditors, they give a true and fair view—

(*a*) in the case of the balance sheet, of the state of the building society's affairs as at the end of its financial year, and

(*b*) in the case of the revenue and appropriation account, of the income and expenditure of the society for its financial year.

(4) It shall be the duty of the auditors of a building society, in preparing their report under this section, to carry out such investigations as will enable them to form an opinion as to the following matters, that is to say,—

(*a*) whether the society has kept proper books of account and proper records of the matters referred to in subsection (1) of section twenty-seven of this Act;

(*b*) whether the society has maintained a satisfactory system of control over its transactions and records, and, in particular, whether the requirements of paragraph (*b*) of subsection (1), and subsection (3), of section seventy-six of this Act have been complied with; and

(*c*) whether the balance sheet and revenue and appropriation account are in agreement with the books of account and records of the society;

and if the auditors are of opinion that the society has failed to keep proper books of account or proper records of the matters referred to in subsection (1) of section twenty-seven of this Act, or to maintain a satisfactory system of control over its transactions and records, or if the balance sheet and revenue and appropriation account are not in agreement with the books of account and records of the society, the auditors shall state that fact in their report.

(5) Every auditor of a building society—

(*a*) shall have a right of access at all times to the books, accounts, records and vouchers of the society, and to all other documents relating to its affairs, including the deeds relating to property mortgaged to the society, and

(*b*) shall be entitled to require from the officers of the society such information and explanations as he thinks necessary for the performance of the duties of the auditors.

(6) If the auditors fail to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report.

(7) The auditors of a building society shall be entitled—

(*a*) to attend any general meeting of the society, and to receive all notices of and other communications relating to any general meeting which any member of the society is entitled to receive, and

(*b*) to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditors.

Annual returns

Duty to make annual return.

88.—(1) Every building society shall in the first three months of each financial year (other than such a financial year as is mentioned in subsection (5) of this section) make to the Chief Registrar a return (in this Act referred to as "the annual return") relating to the affairs of the society for the previous financial year.

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(2) The annual return shall be signed by two of the directors, and by the manager or secretary of the building society.

(3) The annual return shall contain such information and shall be in such form as the Chief Registrar may prescribe by regulations made with the consent of the Treasury and contained in a statutory instrument.

(4) A copy of the latest annual return for any financial year (with the auditors' report) shall be supplied on demand to any member of, or depositor in, the building society without charge on or after the date of the holding of the annual general meeting in the following financial year.

(5) A building society shall not be required by virtue of subsection (1) of this section to make an annual report in a financial year in which, under section sixty-four of this Act, the society is not required to hold an annual general meeting.

(6) If a building society fails to comply with any of the provisions of this section or of regulations made under this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Annual return to disclose advances to directors or officers or to companies in which they are interested.

89.—(1) Every annual return of a building society shall contain particulars showing the amount of any advances made by the society during the relevant financial year—

(*a*) to any director or the manager or secretary of the society, or

(*b*) to any person who, after the making of the advance, became a director or the manager or secretary of the society in that year, or

(*c*) to a company or other body corporate in which, when the advance was made, or at any later time in the relevant financial year, a director or the manager or secretary of the society held (either directly or through a nominee) shares the nominal value of which exceeded two and a half per cent. of the total paid-up share capital of the company or other body corporate, or

(*d*) to a company or other body corporate of which, when the advance was made, or at any later time in the relevant financial year, a director or the manager or secretary of the society was a director, general manager, secretary or other similar officer,

and also, in the case of an advance falling within paragraph (*c*) of this subsection, particulars of the officer's shareholding.

(2) It shall be the duty of any director and of the manager and the secretary of a building society to give notice in writing to the society of such matters relating to his employment by, or other interest in, any company or other body corporate as may be necessary for the purposes of the preceding subsection; and, subject to the next following subsection, a person failing to comply with this subsection shall be liable on summary conviction to a fine not exceeding two hundred pounds.

(3) In any proceedings against a person in respect of an offence under the last preceding subsection, it shall be a defence to prove that at the time of the alleged offence he did not know that the building society had made the advance to the body corporate in question, and that at that time reasonable arrangements were in operation to bring to his notice any advance made by the society to any body corporate.

(4) If the requirements of subsection (1) of this section are not complied with, it shall be the duty of the auditors of the building society to include in their report, so far as they are reasonably able to do so, a statement giving the required particulars.

(5) In this section "the relevant financial year", in relation to an annual return of a building society, means the society's financial year to which the return relates.

Additional annual return of certain transactions.

90.—(1) For each financial year for which the annual return under section eighty-eight of this Act is made by a building society, the society shall cause to be prepared, and sent to the Chief Registrar together with the annual return, a return with respect to—

(*a*) every property which has, during that financial year, been sold by the society in the exercise of its powers as mortgagee, and

(*b*) every mortgage which has been transferred by the society during that financial year.

(2) A person who has effected a mortgage in favour of a building society, and any person to whom there have passed (whether by operation of law or otherwise) any of the rights or liabilities under such a mortgage of the person who effected it, shall be entitled to be furnished with a copy of so much of any return made under this section as relates to that mortgage.

(3) Except as provided by the last preceding subsection, no person shall be entitled to require the Chief Registrar to permit him to inspect, or to furnish him with any extract from, any such return.

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(4) If a building society fails to send to the Chief Registrar a return which it is required to send to him under subsection (1) of this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Auditors' report on annual return.

91.—(1) The auditors of a building society shall make a report on the annual return, which shall be annexed to the annual return made to the Chief Registrar.

(2) Regulations under section eighty-eight of this Act may provide that the auditors of a building society shall not be required, in their report on the annual return, to deal with such of the matters to be contained in the annual return as may be prescribed by the regulations for the purposes of this subsection.

(3) The auditors' report on the annual return of a building society shall (without prejudice to any provision of this Act requiring any other information to be contained therein) contain statements as to the following matters, that is to say,—

(*a*) whether in their opinion the annual return is properly drawn up in accordance with the requirements of this Act and regulations made thereunder;

(*b*) whether the annual return gives a true and fair view of the matters to which it is to be addressed (other than those with which the auditors, by virtue of regulations made in pursuance of the last preceding subsection, are not required to deal); and

(*c*) whether the annual return is in agreement with the books of account and records of the society.

Liability of officers

Officers (including auditors) not to be exempted from liability.

92.—(1) Subject to the provisions of this section, any provision to which this section applies, whether contained in the rules of a building society or in any contract with a building society or otherwise, shall be void.

(2) This section applies to any provision for—

(*a*) exempting any director or other officer of a building society from any liability which, by virtue of any rule of law, would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the society, or

(*b*) indemnifying any such director or officer against any such liability.

(3) Subsection (1) of this section shall not prevent a building society from indemnifying a person against any liability incurred

by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted.

(4) Section four hundred and forty-eight of the Companies Act, 1948 (which empowers the court to grant relief in certain cases of negligence, default, breach of duty or breach of trust) shall apply in relation to directors and other officers of a building society as it applies in relation to officers of a company.

(5) References in this section to an officer of a building society shall be construed as including references to a person who is employed by a building society as auditor but, apart from this section, is not an officer of the society.

Determination of disputes

General provisions as to disputes.

93.—(1) The provisions of sections ninety-four to ninety-eight of this Act shall have effect with respect to disputes to which this section applies, but (except in so far as the rules of a building society otherwise expressly provide) shall not have effect with respect to any other dispute.

(2) Where the provisions of those sections have effect, and in accordance therewith a dispute is to be determined by arbitrators or by the central office or the Chief Registrar, no court shall have jurisdiction to determine it, except in so far as those provisions confer jurisdiction in that behalf.

(3) This section applies to any dispute between a building society and a member of the society in his capacity as a member thereof, or a representative of such a member in his capacity as a member of the society, in respect of any matter except the construction or effect of—

(*a*) a mortgage deed, or

(*b*) any other contract contained in any document other than the rules of the society.

(4) Nothing in sections ninety-four to ninety-eight of this Act shall prevent a building society, or any member of, or person claiming through or under a member of, a building society, from obtaining in the ordinary course of law any remedy in respect of any mortgage, or in respect of any other contract, other than the rules of the society, to which he or the society would otherwise be entitled by law.

(5) Any reference in the rules of a building society to disputes shall (except in so far as the rules otherwise expressly provide) be construed as referring, and as referring only, to disputes to which this section applies.

(6) In relation to Scotland, for any reference in this section and in the following provisions of this Part of this Act to an arbitrator there shall be substituted a reference to an arbiter.

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Determination of disputes by arbitration.

94.—(1) The provisions of this section shall have effect where the rules of a building society direct disputes to be referred to arbitration.

(2) Arbitrators shall be nominated and elected in the manner provided by the rules, or, if the rules make no such provision, at the first general meeting of the building society.

(3) No arbitrators shall be beneficially interested, whether directly or indirectly, in the funds of the building society.

(4) In the case of a dispute, such number of the arbitrators (not being less than three) as may be prescribed by the rules of the society shall be chosen by ballot (in such manner as may be so prescribed) to determine it.

(5) The names of the arbitrators shall be duly entered in the minute book of the society.

(6) If an arbitrator dies, or refuses or neglects to act, the building society at a general meeting shall nominate and elect another to act in his place.

(7) The award made by the arbitrators or the majority of them, if made in accordance with the rules of the building society, shall determine the dispute.

(8) If either party to a dispute refuses or neglects to comply with the award of the arbitrators within such time as may be limited by the award, the court, on the application of any person concerned, shall enforce compliance with the award on proof of its having been made and of that party's refusal or neglect to comply with it.

Determination of disputes by central office or Chief Registrar.

95.—(1) Where the parties to a dispute agree to refer it to the central office, or where the rules of a building society direct disputes to be so referred, the dispute shall be referred accordingly, and the award of the central office shall have the same effect as that of arbitrators under the last preceding section.

(2) Any dispute as to the rights of a member under section sixty-three of this Act shall be referred to the Chief Registrar, and the award of the Chief Registrar shall have the same effect as that of arbitrators under the last preceding section.

(3) Any reference of a dispute to the central office or the Chief Registrar under this section shall be deemed to be a reference to arbitration.

Determination of disputes by court.

96.—(1) The court may hear and determine a dispute in any case where the rules of the building society direct disputes to be referred to the court or to justices.

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(2) The court may also hear and determine a dispute in any case where, on the petition of any person concerned, it appears to the court—

(*a*) that application has been made by either party to the dispute to the other party, for the purpose of having the dispute settled by arbitration under the rules of the building society, and

(*b*) that either the application has not been complied with within forty days, or the arbitrators have refused, or have neglected for a period of twenty-one days, to make an award.

Effect of determination.

97. Subject to the next following section, every determination of a dispute by arbitrators, or by the central office or the Chief Registrar, or by the court, shall be final and conclusive, and binding on all parties, and shall not be subject to appeal; and no proceedings on, or determination of, a dispute, whether referred to arbitrators, the central office, the Chief Registrar or the court, shall be removed into, or restrained by injunction granted by, any court, or any other court, as the case may be.

Statement of case for High Court or Court of Session.

98.—(1) The arbitrators, the central office, the Chief Registrar or the court, as the case may be, to whom a dispute is referred under the preceding provisions of this Part of this Act may, at the request of either party, state a case for the opinion of the High Court on any question of law.

(2) Section twenty-one of the Arbitration Act, 1950 (which enables arbitrators to state, or to be directed to state, a special case for decision by the High Court) shall not apply to any dispute referred as mentioned in the preceding subsection.

(3) In the application of this section to Scotland, for the reference in subsection (1) to the High Court there shall be substituted a reference to the Court of Session, and subsection (2) shall be omitted.

PART VII

WINDING UP AND DISSOLUTION

Dissolution in accordance with rules.

99. A building society may be dissolved in the manner prescribed by its rules.

Dissolution by consent.

100.—(1) A building society may be dissolved by an instrument of dissolution, with the consent (testified by their signature of that instrument) of three-fourths of the members of the society, holding not less than two-thirds of the number of shares in the society.

(2) An instrument of dissolution under this section shall set out—

(*a*) the liabilities and assets of the society in detail;

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(*b*) the number of members, and the amount standing to their credit in the books of the society;

(*c*) the claims of depositors and other creditors, and the provision to be made for their payment;

(*d*) the intended appropriation or division of the funds and property of the society;

(*e*) the names of one or more persons to be appointed as trustees for the purposes of the dissolution, and their remuneration.

(3) An instrument of dissolution made with consent given and testified as mentioned in subsection (1) of this section may be altered with the like consent, testified in the like manner.

(4) Every instrument of dissolution under this section, and every alteration of such an instrument, shall be registered in the manner provided by section two of this Act for the registration of the rules of a building society; and every such instrument or alteration shall be binding upon all the members of the building society.

Dissolution on award of central office.

101.—(1) On the application in writing—

(*a*) in the case of a building society having more than one thousand members, of one hundred members of the society, or

(*b*) in the case of any other building society, of one-tenth of the whole number of members of the society,

stating that the society is unable to meet the claims of its members, and that it would be for their benefit that it should be dissolved, and requesting an investigation into the affairs of the society with a view to its being dissolved, the central office may investigate the affairs of the society.

(2) Before beginning an investigation under the preceding subsection, the central office shall give not less than two months' notice in writing to the building society at its registered chief office or place of meeting.

(3) If on such an investigation it appears that the building society is unable to meet the claims of its members, and that it would be for their benefit that it should be dissolved, the central office—

(*a*) may, if they consider it expedient to do so, award that the society be dissolved, and shall in that case direct in what manner the affairs of the society are to be wound up, or

(*b*) may suspend their award for such period as they think necessary to enable the society to make such alterations of its rules as will, in the judgment of the central office, make such an award unnecessary.

(4) Where an award for dissolution is made under this section, the central office shall, within twenty-one days after the making thereof, cause notice of the award to be advertised in the London and Edinburgh Gazettes, and in a newspaper circulating in the county in which the registered chief office or place of meeting of the building society is situated.

Provisions applicable to dissolution under ss. 99 and 100.

102.—(1) The provisions of this section shall have effect in relation to the dissolution of a building society under section ninety-nine or section one hundred of this Act.

(2) The provisions of this Act shall continue to apply in relation to the building society as if the liquidators or other persons conducting the dissolution of the society, or the trustees appointed under the instrument of dissolution, as the case may be, were the board of directors of the society.

(3) The liquidators, trustees or other persons having the conduct of the dissolution shall, within twenty-eight days from the termination of the dissolution, send to the central office an account and balance sheet signed and certified by them as correct, and showing the assets and liabilities of the society at the commencement of the dissolution, and the way in which those assets and liabilities have been applied and discharged; and if they fail to do so they shall each be liable on summary conviction to a fine not exceeding five pounds for every day during which the default continues.

(4) Except with the consent of the central office—

(*a*) no resolution, instrument of dissolution or other proceeding for the dissolution of a building society under section ninety-nine or section one hundred of this Act, and

(*b*) no alteration of an instrument of dissolution under section one hundred of this Act,

shall be of any effect if the purpose of the proposed dissolution or alteration is to effect or facilitate the transfer of the society's engagements to any other society.

(5) Any provision in a resolution or document that members of a building society proposed to be dissolved shall accept investments in another society (whether in shares, deposits or any other form) in or towards satisfaction of their rights in the dissolution shall be conclusive evidence of such a purpose as is mentioned in the last preceding subsection.

Winding up by, or under supervision of, the court.

103.—(1) The preceding provisions of this Part of this Act shall have effect without prejudice to the operation of so much of section thirty-two of the Building Societies Act, 1874, as is not repealed by this Act, or of section eight of the Building Societies Act, 1894, or of any other enactment under which building societies can be wound up.

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(2) Where in the exercise of any power conferred by this Act the Chief Registrar presents a petition for the winding up of a building society under the Companies Act, 1948, the court may, if it thinks fit, having regard to the interests of those members of the society (if any) who were not responsible for the relevant default, and to all the other circumstances, refuse to make an order for winding up, and may make its refusal subject to any conditions.

(3) The conditions which the court may impose under the last preceding subsection, or under section two hundred and fifty-six of the Companies Act, 1948 (which authorises the court to stay proceedings after the making of an order for winding up), may include conditions for securing—

(*a*) that the building society be dissolved in accordance with section ninety-nine or section one hundred of this Act, or

(*b*) that the building society unite under section eighteen of this Act with another building society, or that it transfer its engagements to another building society under section nineteen of this Act,

and may also include conditions for securing that the relevant default be made good, and that the costs of the proceedings on the petition be defrayed by the person or persons responsible for that default.

(4) In this section " the court ", in relation to a petition for the winding up of a building society, means the court having jurisdiction to wind up the society on that petition, and " the relevant default ", in relation to a petition for winding up, means the default which was the occasion of the petition being presented.

(5) In the application of this section to Scotland, in subsection (1) the reference to section eight of the Building Societies Act, 1894, shall be omitted, and in subsection (3), for the reference to costs, there shall be substituted a reference to expenses.

Liability of members on winding up or dissolution.

104. Where a building society is being wound up or dissolved, a member to whom an advance has been made under a mortgage or other security, or under the rules of the society, shall not be liable to pay the amount payable thereunder except at the time or times and subject to the conditions set out in the mortgage or other security, or in the rules, as the case may be.

Notice of winding up or dissolution.

105.—(1) Notice of the commencement and of the termination of the winding up or dissolution of a building society shall be sent to the central office and registered by them.

(2) If a building society fails to send to the central office a notice which it is required to send to them under the preceding subsection, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Provision as to terminating societies.

106. In relation to a building society which is a terminating society, the provisions of this Part of this Act shall have effect without prejudice to the termination of the society on the happening of any event specified in the rules as an event on which the society is to terminate.

PART VIII

MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

Building society to supply copies of rules.

107.—(1) A building society shall supply to any person who requires it a complete, printed copy of its rules, with a copy of the society's certificate of incorporation annexed to it, and shall be entitled to charge a sum not exceeding one shilling for each such copy of its rules.

(2) If a building society fails to comply with the requirements of the preceding subsection, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Change of chief office of building society.

108.—(1) A building society may change its chief office—

(*a*) in such manner as its rules direct, or

(*b*) if there is no such direction in the rules, then at a general meeting specially called for the purpose in accordance with its rules.

(2) Notice of any such change shall, within seven days after the change, be sent to the central office and shall be registered by them, and they shall give a certificate of registration.

(3) It shall not be necessary to alter the rules of a building society by reason only that its chief office is changed.

(4) If a building society fails to send to the central office a notice which it is required to send to them under subsection (2) of this section, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Land acquired by foreclosure etc., to be sold.

109.—(1) Any land to which a building society becomes absolutely entitled by foreclosure, or by release or other extinguishment of a right of redemption, shall as soon as may be conveniently practicable be sold or converted into money.

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(2) If a building society contravenes the preceding subsection, the society shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed two hundred pounds; and every officer of the society who is in default shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(3) In the application of this section to Scotland, for subsection (1) there shall be substituted the following subsection:—

"(1) Where the title of a building society to any land held by it in security has become absolute and irredeemable, the society shall as soon as may be conveniently practicable sell or convert that land into money."

Inspections and special meetings.

110.—(1) In the circumstances mentioned in the next following subsection, the Chief Registrar, with the consent of the Treasury, may appoint an inspector to inquire into and report on the affairs of a building society, or may call a special meeting of a building society, or may (either on the same or on different occasions) both appoint such an inspector and call such a meeting.

(2) The powers conferred by the preceding subsection may be exercised in relation to a building society either—

(*a*) on the application of the requisite number of members of the society, or

(*b*) where no such application has been made, but the Chief Registrar is of opinion that an investigation should be held into the affairs of the society, or that the affairs of the society call for consideration by a meeting of the members.

(3) For the purposes of paragraph (*a*) of the last preceding subsection the requisite number of members—

(*a*) in the case of a building society having more than one thousand members, is one hundred, and

(*b*) in the case of any other building society, is one-tenth of the whole number of members of the society.

(4) The following provisions shall have effect where an application is made as mentioned in paragraph (*a*) of subsection (2) of this section, that is to say,—

(*a*) the application shall be supported by such evidence as the Chief Registrar may direct for the purpose of showing that the applicants have good reason for

requiring an inspection or a special meeting, as the case may be, and that they are not actuated by malicious motives in their application;

(*b*) such notice of the application shall be given to the building society as the Chief Registrar may direct;

(*c*) the Chief Registrar shall require the applicants to give security for the costs of the proposed inspection or meeting before the inspector is appointed or the meeting is called; and

(*d*) all expenses of and incidental to the inspection or meeting shall be defrayed by the applicants, or out of the funds of the society, or by the members or officers or former members or officers of the society, in such proportions as the Chief Registrar may direct.

(5) Before exercising his powers in a case falling within paragraph (*b*) of subsection (2) of this section, the Chief Registrar shall inform the building society of the action which he proposes to take, and of the grounds on which he proposes to take it, and the society shall, within fourteen days of receiving the information, be entitled to give the Chief Registrar an explanatory statement in writing by way of a reply.

(6) An inspector appointed under this section may require the production of all or any of the books, accounts, securities and documents of the building society, and may examine on oath its officers, members, agents and servants in relation to its business, and may administer an oath accordingly.

(7) If a building society fails to allow an inspector appointed under this section to do anything which he is authorised to do under the last preceding subsection, the society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

(8) Where a special meeting is called under this section—

(*a*) the Chief Registrar may direct at what time and place the meeting is to be held, and what matters are to be discussed and determined at the meeting, and may give such other directions as he thinks fit with respect to the calling, holding and conduct of the meeting;

(*b*) the Chief Registrar may appoint a person to be chairman at the meeting, or, in default of such an appointment, the meeting may appoint its own chairman;

(*c*) the meeting shall have all the powers of a meeting called according to the rules of the building society;

and the provisions of this subsection and any direction given thereunder shall have effect notwithstanding anything in the rules of the building society.

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Offences in relation to property of building societies.

111.—(1) Any person who—

(*a*) by false representation or imposition obtains possession of any moneys, securities, books, papers or other effects of a building society, or

(*b*) having any such moneys, securities, books, papers or other effects in his possession, withholds or misapplies them, or wilfully applies any part of them to purposes other than authorised purposes,

shall be guilty of an offence under this section.

(2) A person guilty of an offence under this section shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(3) The court by or before which a person is convicted of an offence under this section may order him to deliver up or repay to the building society any moneys, securities, books, papers or other effects in respect of which he is convicted of that offence.

(4) Proceedings in respect of an offence under this section in relation to a building society may be instituted by the society or the central office or the Chief Registrar; but no such proceedings shall be instituted in England or Wales by any other person unless he is a member of the society authorised in that behalf by the society or by the board of directors of the society or by the central office.

(5) In this section "authorised purposes", in relation to a building society, means purposes authorised by the rules of the society or by this Act.

False statements in documents.

112.—(1) If any person wilfully makes, or orders or allows to be made, any false statement in a document to which this section applies, or by erasure, omission or otherwise wilfully falsifies any such document, he shall be liable—

(*a*) on conviction on indictment, to a fine, or to imprisonment for a term not exceeding two years, or to both, or

(*b*) on summary conviction, to a fine not exceeding two hundred pounds, or to imprisonment for a term not exceeding three months, or to both.

(2) This section applies—

(*a*) to any document sent to the Chief Registrar or the central office under or in pursuance of this Act, and

(*b*) to any document consisting of a statement issued by a building society in pursuance of subsection (1) of section twenty of this Act, or in pursuance of that subsection as applied by subsection (6) of section one hundred and twenty-four of this Act.

Compulsory cancellation or suspension of registration.

113.—(1) Where the central office are satisfied with respect to a building society—

(*a*) that a certificate of incorporation has been obtained for the society by fraud or mistake, or

(*b*) that the society exists for an illegal purpose, or

(*c*) that the society has wilfully, and after notice from the central office, violated any of the provisions of this Act, or

(*d*) that the society has ceased to exist,

the central office, with the approval of the Treasury, may cancel or suspend the registration of the society.

(2) Any cancellation or suspension of registration under this section shall be effected in writing signed by the central office.

(3) Where the registration of a building society is suspended under this section, the period of suspension shall in the first instance be a period not exceeding three months, but may, with the approval of the Treasury, be extended from time to time by not more than three months at a time.

(4) Before cancelling or suspending the registration of a building society under this section, the central office shall give to the society not less than two months' previous notice in writing, specifying briefly the grounds of the proposed cancellation or suspension.

(5) As soon as practicable after the cancellation or suspension of the registration of a building society under this section takes effect, the central office shall cause notice thereof to be published in the London and Edinburgh Gazettes, and in a newspaper circulating in the county in which the registered chief office or place of meeting of the building society is situated.

(6) Where the registration of a building society—

(*a*) is cancelled under this section, or

(*b*) is suspended under this section for a period exceeding six months,

the society may appeal to the High Court; and on any such appeal the High Court, if it thinks it just to do so, may set aside the cancellation or suspension.

(7) In the application of this section to Scotland, for any reference to the High Court there shall be substituted a reference to the Court of Session.

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Cancellation of registration at request of building society.

114. Without prejudice to the last preceding section, the central office may, if they think fit, cancel the registration of a building society at the society's request, evidenced in such manner as the central office may direct.

Effect of cancellation or suspension of registration.

115.—(1) Subject to the following provisions of this section, where the registration of a building society is cancelled or suspended under section one hundred and thirteen of this Act, or is cancelled under the last preceding section, then as from the time of the cancellation or suspension (but, in the case of a suspension, only so long as the suspension continues) the society shall absolutely cease to enjoy as such the privileges of a building society.

(2) The preceding subsection shall have effect subject to the right of appeal under subsection (6) of section one hundred and thirteen of this Act.

(3) Subsection (1) of this section shall have effect in relation to a building society without prejudice to any liability actually incurred by the society; and any such liability may be enforced against the society as if the cancellation or suspension had not taken place.

Provisions as to shares held jointly.

116.—(1) The provisions of this section shall have effect where shares in a building society are held by two or more persons jointly; and in this section "senior joint holder", in relation to any shares so held, means that one of the joint holders who is named first in the books of the society.

(2) Except where the rules of the society otherwise provide, any notice or other document may be given or sent by the society to the joint holders by being given or sent to the senior joint holder:

Provided that this subsection shall not prevent any of the joint holders from exercising the right under this Act of a member of a building society to obtain from the society on demand a copy of the balance sheet or of the annual return.

(3) For the purpose—

(*a*) of determining who is qualified to vote, whether in person or by proxy, on a resolution at a meeting of the society, and

(*b*) of determining (where relevant) the number of votes any person may then give,

the shares shall be treated as held by the senior joint holder alone; and accordingly a person who is a member of the society by reason only of being a joint holder of those shares (other than the senior joint holder) shall not be qualified to vote on any such resolution.

(4) For the purposes of sections eighteen, nineteen, one hundred and one hundred and twenty-four of this Act, the shares shall be treated as held by the senior joint holder alone; and accordingly a person who is a member of the society by reason only of being a joint holder of those shares (other than the senior joint holder) shall not be regarded as a member of the society for the purposes of those sections.

(5) The senior joint holder (but none of the other joint holders) shall have the right to join in making an application under section one hundred and one or section one hundred and ten of this Act, and any reference in those sections to the total membership of a building society shall be construed accordingly.

(6) In the register to be maintained under section sixty-two of this Act, it shall not be necessary to enter the name and address of a person who is one of the joint holders (other than the senior joint holder) by reason only that he is a joint holder of those shares; and if his name and address are entered in the register in respect of those shares, the entry shall indicate that he is a joint holder who is not the senior joint holder.

(7) The joint holders shall be entitled to choose the order in which they are named in the books of the society.

Exemption from stamp duty.

117. The following instruments shall be exempted from all such stamp duties (if any) as apart from this section would be chargeable on them, that is to say—

(*a*) any copy of the rules of a building society;

(*b*) any power, warrant or letter of attorney, granted by a person as trustee for a building society, for the transfer of any share in the public funds standing in his name;

(*c*) any receipt given by a building society for a dividend on any public stock or fund or for interest on an exchequer bill;

(*d*) any receipt, or entry in a book of receipt, for money deposited in the funds of a building society, or for money received from the funds of a building society by a member, or the personal representatives or an assign or agent of a member, of the society;

(*e*) any transfer of a share in a building society;

(*f*) any bond or other security (other than a mortgage) to be given to, or on account of, a building society or by an officer of a building society;

(*g*) any order on an officer of a building society for payment of money to a member;

(*h*) any instrument appointing an agent of a building society or revoking such an appointment;

(*i*) any other instrument whatsoever which is required or authorised to be given, issued, signed, made or produced in pursuance of this Act or of the rules of a building society, other than a mortgage.

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Annual report of Chief Registrar.

118. The Chief Registrar shall cause to be made an abstract and report of the annual returns of building societies and of the proceedings of the central office under this Act, and shall lay the abstract and report before the Treasury and before Parliament.

Appointment of deputy for Chief Registrar.

119.—(1) At any time when the Treasury are satisfied that the Chief Registrar is or will be absent from the United Kingdom, or for any other reason unable to perform his functions in relation to building societies, the Treasury may appoint a person, on such terms as may be specified in the appointment, to act as deputy for the Chief Registrar in respect of those functions.

(2) A deputy so appointed may exercise all the powers of the Chief Registrar under this Act.

Time limit for commencement of summary proceedings.

120.—(1) Notwithstanding any limitation on the time for the taking of proceedings contained in any Act, summary proceedings for any offence under this Act may, subject to the next following subsection, be commenced by the Chief Registrar at any time within the period of one year beginning with the date on which evidence, sufficient in the opinion of the Chief Registrar to justify a prosecution for the offence, comes to his knowledge.

(2) Nothing in the preceding subsection shall authorise the commencement of proceedings for any offence at a time more than three years after the date on which the offence was committed.

(3) For the purposes of subsection (1) of this section a certificate, purporting to be signed by or on behalf of the Chief Registrar, as to the date on which such evidence as is mentioned in that subsection came to his knowledge, shall be conclusive evidence of that date.

(4) In the application of this section to Scotland, in subsection (1) the words " by the Chief Registrar " shall be omitted.

Provisions as to evidence.

121.—(1) Any document purporting to have been signed by the registrar of building societies or the central office and to be a certificate of incorporation or registration or other document relating to a building society shall be received in evidence and shall, in the absence of any evidence to the contrary, be deemed to have been signed by the registrar of building societies or the central office, as the case may be.

(2) Any printed document purporting to be a copy of the rules of a building society, and certified by the secretary or other officer of the society to be a true copy of its rules as registered, shall be received in evidence and shall, in the absence of any evidence to the contrary, be deemed to be a true copy of its rules.

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Form in which records may be kept.

122.—(1) Any register, record or book of account to be kept by a building society may be kept either by making entries in bound books or by recording the matters in question in any other manner.

(2) Where any such register, record or book of account is not kept by making entries in a bound book but by some other means, adequate precautions shall be taken for guarding against falsification and facilitating its discovery; and where default is made in complying with this subsection, the building society, and every officer of the society who is in default, shall be liable on summary conviction to a fine not exceeding two hundred pounds.

Provisions as to certain certificates, notices and other documents, and as to fees.

123.—(1) Without prejudice to any other power in that behalf conferred on him by this Act, the Chief Registrar shall have power with the consent of the Treasury to make regulations with respect to—

(*a*) the form of, and the particulars to be included in, any certificate issued under this Act, and any application, notice or other document made or sent to the Chief Registrar or the central office under or in pursuance of this Act; and

(*b*) the fees to be paid for the inspection, or the furnishing of copies, of any document in the custody of the Chief Registrar or the central office, or in connection with the exercise by the Chief Registrar or the central office of any of their functions under this Act.

(2) The Chief Registrar may make rules for prescribing anything authorised or required to be prescribed by any of the provisions of sections twenty-eight to thirty and section thirty-six of this Act, and in those sections "prescribed" means prescribed by rules made under this subsection.

(3) Any rules made under the last preceding subsection for prescribing the form in which any notice is to be given may further provide that a notice to which the rules apply shall be deemed not to have been validly given unless, within such time from the giving of the notice as may be prescribed by the rules, the person to whom the notice was given signed a duplicate thereof and delivered it to the person by whom, or on whose behalf, the notice was given.

(4) Any power conferred by this section to make regulations or rules shall be exercisable by statutory instrument.

Transfer of engagements to or from Northern Ireland society.

124.—(1) Without prejudice to the provisions of section nineteen of this Act, but subject to the following provisions of this section, a building society may—

(*a*) by special resolution transfer its engagements to a Northern Ireland society which undertakes to fulfil those engagements, or

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(*b*) by special resolution or, with the consent of the central office, by a resolution of a general meeting or of the board of directors of the building society, undertake to fulfil the engagements of a Northern Ireland society.

(2) Subject to the next following subsection, a transfer of engagements shall not take effect by virtue of this section unless or until the consent in writing of the holders of not less than two-thirds of the whole number of shares of the building society has been obtained.

(3) If the building society makes an application to the central office, and publishes notice of the application in the London and Edinburgh Gazettes, the central office, after hearing the building society and any other persons whom they consider entitled to be heard, may confirm the transfer of engagements notwithstanding that the consent of the holders of two-thirds of the whole number of shares in the building society has not been obtained as required by the last preceding subsection.

(4) A transfer of engagements shall not take effect by virtue of this section until the central office have given their consent in writing to the transfer; and they shall not give that consent unless they are satisfied that the transfer of engagements will also take effect under the law of Northern Ireland.

(5) On giving consent under the last preceding subsection to a transfer of engagements, the central office shall register the transfer.

(6) Subject to the next following subsection, subsections (1) to (3) and subsections (5) to (7) of section twenty of this Act shall apply in relation to a transfer of engagements under this section as they apply in relation to a transfer of engagements under section nineteen of this Act, as if in those subsections any reference to the relevant society were a reference to the building society acting under subsection (1) of this section, and any reference to section nineteen of this Act were a reference to this section.

(7) Any statement sent to the members of a building society under subsection (1) of section twenty of this Act as applied by the last preceding subsection shall indicate that the other party to the transfer of engagements is a Northern Ireland society.

Incorporation of unincorporated societies.

125.—(1) Any unincorporated society certified under the Act of 1836 may obtain a certificate of incorporation under this Act, on application to the central office made on the authority of a general meeting of the society specially called for the purpose.

(2) Where such an application is made, the central office may require of the person making the application a statutory declaration that such authority was duly given.

(3) Where any such society obtains a certificate of incorporation by virtue of this section—

(*a*) its rules, in so far as they are not contrary to any express provision of this Act, shall continue in force until altered in accordance with this Act;

(*b*) all rights of action and other rights, and all estates and interests in real or personal estate, other than stocks and securities in the public funds of the United Kingdom, being rights, estates or interests which immediately before its incorporation belonged to or were held in trust for the society, shall on its incorporation vest in the society by virtue of this subsection and without further assurance;

(*c*) subject to the preceding paragraphs the provisions of this Act shall have effect in relation to the society as they have effect in relation to a society which has obtained a certificate of incorporation under section two of this Act.

(4) In section seven of the Building Societies Act, 1874 (which makes provision with respect to unincorporated societies pending their incorporation) any reference to a certificate of incorporation under that Act shall be construed as including a reference to a certificate of incorporation under this Act.

(5) In this Act "unincorporated society certified under the Act of 1836" means a society whose rules were certified under the enactments referred to in section four of the Act of the sixth and seventh years of King William the Fourth, chapter thirty-two (intituled an Act for the regulation of benefit building societies), as applied by that section to benefit building societies, and which is neither a building society as defined by this Act nor a Northern Ireland society.

Provisions as to statutory instruments.

126.—(1) The Statutory Instruments Act, 1946, shall apply to all powers of making statutory instruments under this Act as if the Chief Registrar were a Minister of the Crown.

(2) Any statutory instrument made by the Chief Registrar with the consent of the Treasury under this Act, other than a statutory instrument containing an order under section twenty-one of this Act, shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Payments into Exchequer.

127. Any money received by the Chief Registrar under this Act shall be paid into the Exchequer.

Financial year of building societies.

128.—(1) Subject to the provisions of this section and of section one hundred and thirty of this Act, in this Act "financial year" means a period of twelve months ending with the thirty-first day of December.

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(2) A building society whose financial year does not end with the thirty-first day of December may alter its financial year by making up its accounts for one period of more than six months, and not more than eighteen months, ending with the thirty-first day of December; and in relation to a building society exercising the power conferred by this subsection, references in this Act to a financial year of the society shall include references to that period.

Interpretation.

129.—(1) In this Act, except in so far as the context otherwise requires, the following expressions have the meanings hereby assigned to them respectively, that is to say—

"advertisement", in relation to a building society, means an advertisement in any medium inviting business or making known the activities of the society, and includes in particular a circular or handbill inviting business or making known the society's activities;

"additional security", in relation to an advance made by a building society, means any security for the advance other than a mortgage of freehold or leasehold estate, whether effected by the person to whom the advance is made or by any other person and whether it is a legal or an equitable mortgage;

"alteration", in relation to the rules of a building society, includes any addition to the rules, and also includes the rescission of all or any of the rules, with or without the substitution of one or more new rules for any rules rescinded;

"annual return" has the meaning assigned to it by section eighty-eight of this Act;

"banking or finance company" means any body corporate or partnership whose ordinary business includes the business of banking and any other body corporate whose ordinary business includes the business of lending money;

"basic advance", in relation to any advance made or to be made for the purpose of its being used in defraying the purchase price of freehold or leasehold estate, means the maximum amount which the building society would consider proper to advance on the security of that estate if no other security were taken by the society;

"board of directors", in relation to a building society managed by a committee of management, means that committee;

"building society" has the meaning assigned to it by section one of this Act;

"the central office", in relation to England and Wales, means the central office of the registry of friendly societies, and, in relation to Scotland, means the assistant registrar of friendly societies for Scotland;

"the Chief Registrar" means the Chief Registrar of Friendly Societies;

"continuing arrangement" means any arrangement made between a building society and another person whereby, in contemplation of a series of advances comprising excess advances being made by the society to members for the purpose of their being used in defraying the purchase prices of freehold or leasehold estates, that person undertakes to give to the society a series of guarantees, each of which is to secure sums payable to the society in respect of such an advance;

"the court", in relation to a building society, means (in England and Wales) the county court for the district in which, or (in Scotland) the sheriff in whose jurisdiction, the chief office or place of meeting for the business of the society is situated;

"director", in relation to a building society, includes a member of a committee of management and any other person occupying the position of director by whatever name called;

"disposition", in relation to any freehold or leasehold estate, means any disposition of that estate inter vivos, and includes both the grant and the assignment of a lease or underlease, and "acquisition" has a corresponding meaning;

"excess advance" means, in relation to any advance, the amount by which the advance exceeds the basic advance;

"financial year" has the meaning assigned to it by section one hundred and twenty-eight of this Act;

"heritable security" has the same meaning as in the Conveyancing (Scotland) Act, 1924, except that it includes a security constituted by ex facie absolute disposition or assignation;

"member", in relation to a building society, includes any person who for the time being holds a share (whether advanced or not) in the society;

"Northern Ireland society" has the meaning assigned to it by section one hundred and thirty-four of this Act;

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" officer ", in relation to a building society, includes a director, manager or secretary of the society, and, in so far as Part VI of this Act so provides, also includes an auditor of the society;

" policy of life assurance " means a policy of life assurance issued by an insurance company to which the Insurance Companies Act, 1958, applies, or by a friendly society which is a registered society for the purposes of the Friendly Societies Act, 1896;

" purchase price ", in relation to leasehold estate, means any sum payable as the consideration, or as part of the consideration, for the grant or assignment of the lease;

" share " includes stock;

" special advance " has the meaning assigned to it by section twenty-one of this Act;

" special resolution " has the meaning assigned to it by section sixty-nine of this Act;

" unincorporated society certified under the Act of 1836 " has the meaning assigned to it by section one hundred and twenty-five of this Act.

(2) For the purposes of any enactment in this Act which provides that an officer of a building society who is in default shall be liable to a fine or penalty, " officer who is in default " means any officer of the society who knowingly and wilfully authorises or permits the default, refusal or contravention mentioned in the enactment.

(3) For the purposes of this Act the value of the assets of a building society shall be the value at which the assets are taken into account in the latest balance sheet, and not any alternative values shown in that balance sheet.

(4) For the purposes of any reference in this Act to a person holding shares in a building society up to a specified value—

(*a*) any shares which are fully paid up shall be taken at their nominal value;

(*b*) any shares which are partly paid up shall be taken at the amount which has been paid up on them respectively; and

(*c*) any share held by a person to whom, as the holder of the share, the society has made an advance, shall be disregarded.

(5) For the purposes of this Act a person shall be taken to have a financial interest in the disposition of any freehold or

leasehold estate if, but only if, he would, on a disposition of that estate, be entitled (whether directly or indirectly, and whether in possession or not) to the whole or part of the proceeds of the disposition.

(6) Any reference in this Act to contravention of any provision of this Act, or of any regulations or directions thereunder, shall include a reference to failure to comply with that provision.

(7) References in this Act to any enactment shall, except where the context otherwise requires, be construed as references to that enactment as amended by or under any other enactment.

(8) In the application of subsection (1) of this section to Scotland, for the reference to an underlease in the definition of "disposition", and for the reference to leasehold estate in the definition of "purchase price", there shall be substituted respectively references to a sublease and to a lease of land; and for any reference in either of those definitions to assignment there shall be substituted a reference to assignation.

Modifications of Act in relation to existing societies.

130. The provisions of the Eighth Schedule to this Act, and (so far as applicable in accordance with paragraph 3 of the said Eighth Schedule) the provisions of the Ninth Schedule to this Act, shall have effect in relation to societies established before the commencement of this Act.

Repeals and revocations.

131. Subject to the following provisions of this Act, the enactments specified in Part I of the Tenth Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule; and the orders specified in Part II of that Schedule are hereby revoked.

Transitional provisions.

132.—(1) In so far as any order, regulation, rule, application, decision, reference, appeal or payment made, consent, approval or direction given, certificate issued, notice or copy served, register kept, resolution passed, requirement imposed or other thing done, under an enactment repealed by this Act could have been made, given, issued, served, kept, passed, imposed or done under a corresponding provision of this Act, it shall not be invalidated by the repeal effected by the last preceding section, but shall have effect as if made, given, issued, served, kept, passed, imposed or done under that corresponding provision:

Provided that this subsection shall not be construed as saving any order specified in Part II of the Tenth Schedule to this Act.

(2) For the purposes of the preceding subsection, and without prejudice to the generality thereof, a resolution passed before

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the commencement of the Building Societies Act, 1960, in accordance with any provisions of the Building Societies Acts, 1874 to 1940, as then in force, shall be treated as a resolution which could have been passed under the corresponding provisions of this Act if it would have fallen to be so treated if passed after the commencement of the said Act of 1960 as a special resolution as defined by that Act.

(3) Any reference in an enactment or document (whether expressed or implied) to an enactment repealed by this Act shall, except where the context otherwise requires, be construed as, or as including, a reference to the corresponding provision of this Act.

(4) References in any enactment or document to the registrar of building societies, or to the registrar as defined by section three of the Building Societies Act, 1874, shall be construed as references to the central office.

(5) Any power to make regulations under the Friendly Societies Act, 1896, in so far as it would (apart from this Act) have been exercisable for the purposes of section two or section four of that Act, shall continue to be exercisable, in relation to the powers and functions referred to in those sections respectively, as if this Act had not been passed; and any regulations made under that Act before the commencement of this Act, in so far as, immediately before the commencement of this Act, they had effect for the purposes of section two of that Act in its application to the registrar of building societies, shall continue to have effect (as modified by the last preceding subsection) as if any reference therein to the said section two were a reference to the functions and powers referred to in that section.

(6) Where a period of time specified in an enactment repealed by this Act is current at the commencement of this Act, this Act shall have effect as if the corresponding provision thereof had been in force when that period began to run.

(7) Without prejudice to subsection (1) of this section, any reference in this Act (whether express or implied) to a thing done or falling to be done, or omitted to be done, or to an event which has occurred, under or for the purposes of or by reference to a provision of this Act shall, except where the context otherwise requires, be construed as including a reference to the corresponding thing done or falling to be done, or omitted, or to the corresponding event which occurred, as the case may be, under or for the purposes of or by reference to the corresponding provision of the enactments repealed by this Act.

(8) Where an offence, for the continuance of which a penalty was provided, has been committed under an enactment repealed by this Act, proceedings may be taken under this Act in respect of the continuance of the offence after the commencement of this Act, in the same manner as if the offence had been committed under the corresponding provision of this Act.

Savings.

133.—(1) Nothing in this Act shall affect the enactments repealed thereby in their operation in relation to offences committed before the commencement of this Act, or shall enable any proceedings to be instituted, or penalty imposed, for such an offence in so far as those proceedings could not have been instituted, or that penalty could not have been imposed, under those enactments.

(2) The repeal shall not affect the operation of any of the enactments repealed by this Act or of any other enactment in relation to any unincorporated society certified under the Act of 1836:

Provided that (without prejudice to the provisions of section one hundred and twenty-five of this Act) this subsection shall not enable any such society to obtain a certificate of incorporation under the enactments repealed by this Act.

(3) The repeal shall not affect the operation of subsection (4) of section fifteen of the Building Societies Act, 1874 (which preserved the validity of deposits and loans made before the commencement of that Act, notwithstanding that they were beyond the limits of borrowing imposed by that section) in relation to deposits and loans made before the commencement of that Act.

(4) The repeal shall not affect the operation of any of the provisions of the Building Societies Act, 1939, in relation to any advance which was made before the commencement of that Act, or which, by virtue of subsection (4) of section sixteen of that Act, was deemed to have been so made or (in the case of an advance made after the commencement of this Act) would have been deemed to have been so made if this Act had not been passed.

(5) The repeal shall not affect section five of the Societies (Miscellaneous Provisions) Act, 1940, in its operation as part of the law of any of the Channel Islands or of the Isle of Man.

(6) The repeal shall not affect any saving contained in subsection (5) of section seven of the Building Societies Act, 1960 (which relates to section eleven of the Prevention of Fraud (Investments) Act, 1958).

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(7) The inclusion in this Act of any express saving or transitional provision, or of any express reference to any of the enactments repealed by this Act, shall not be taken as prejudicing the operation of section thirty-eight of the Interpretation Act, 1889 (which relates to the effect of repeals) or as affecting the generality of the last preceding section or of subsections (1) and (2) of this section.

(8) In this section " the repeal " means the repeal and revocation effected by section one hundred and thirty-one of this Act; and (except where the context otherwise requires) references in this section to enactments repealed by this Act include references to orders revoked by this Act.

Provisions as to Northern Ireland.

134.—(1) This Act shall not extend to Northern Ireland.

(2) In so far as any provision of this Act expressly relates to land in Northern Ireland or is otherwise capable of applying to such land as part of the law of England and Wales or of Scotland, the preceding subsection shall not affect the operation of that provision, as part of that law, in relation to land in Northern Ireland.

(3) The preceding provisions of this section shall have effect without prejudice to the operation, as part of the law of England and Wales or of Scotland, of any provision of this Act relating to Northern Ireland societies.

(4) In this Act " Northern Ireland society " means a society which is for the time being registered in Northern Ireland under the enactments relating to building societies in Northern Ireland, or, immediately before the commencement of this Act, was for the purposes of the Building Societies Acts, 1874 to 1894, deemed to be registered in Northern Ireland; and in this subsection " the enactments relating to building societies in Northern Ireland " means all or any of the following enactments, that is to say, the Building Societies Acts, 1874 to 1894, as for the time being in force in Northern Ireland, and any enactments of the Parliament of Northern Ireland (whether passed before or after the commencement of this Act) whereby those Acts or any provisions thereof were or are amended or superseded.

Short title and commencement.

135.—(1) This Act may be cited as the Building Societies Act, 1962.

(2) This Act shall come into operation on the first day of October, nineteen hundred and sixty-two.

SCHEDULES

FIRST SCHEDULE

Section 13.

REQUIREMENTS RELATING TO FOUNDERS' AND DIRECTORS' SHARES

1.—(1) The provisions of this Schedule shall have effect in accordance with subsection (4) of section thirteen of this Act, or in accordance with subsection (5) of section fifty-six of this Act, in relation to shares (in this Schedule referred to as "the relevant shares") issued by a building society (in this Schedule referred to as "the relevant society") in compliance with subsection (1) of section thirteen or in compliance with section fifty-five of this Act, as the case may be.

(2) In this Schedule "the relevant period"—

(*a*) where the relevant shares are issued in compliance with subsection (1) of section thirteen of this Act, means the period of five years beginning with the date on which a certificate is issued by the central office to the relevant society under that section, and

(*b*) where the relevant shares are issued in compliance with section fifty-five of this Act, means the period of five years beginning with the date of the service on the relevant society of a notice under that section.

2. Neither at the time when the relevant shares are issued, nor at any other time before the end of the relevant period, shall the terms regarding rate of interest, participation in profits, contribution to losses or rights on a termination or dissolution be (either as a whole or separately) more favourable for the relevant shares than for any other shares in the relevant society.

3. Until the end of the relevant period the relevant society shall not give effect to or recognise any transfer of the relevant shares by the person to whom they were issued, and the terms attaching to those shares shall so provide:

Provided that this paragraph shall not prevent the relevant society from giving effect to any transmission of those shares by operation of law.

4. Until the end of the relevant period, and so long as the relevant society is not terminated or dissolved, the society shall not repay the sum subscribed for the relevant shares or any part of that sum, and the terms attaching to those shares shall so provide.

5.—(1) If at any time before the end of the relevant period there is a failure to comply with the provisions of paragraphs 2 to 4 of this Schedule in relation to any of the relevant shares, the Chief Registrar (subject to the following provisions of this Schedule) may present a petition for the winding up of the relevant society under the Companies Act, 1948.

(2) Not less than one month before presenting a petition for the winding up of the relevant society under that Act, the Chief

1ST SCH. Registrar shall send to that society notice of his decision, and may, if he thinks fit, afford to the society an opportunity of submitting to him, as an alternative to the winding up of the relevant society under that Act, proposals for—

(*a*) dissolving the relevant society in one of the ways mentioned in sections ninety-nine and one hundred of this Act, or

(*b*) uniting the relevant society under section eighteen of this Act with another building society, or transferring its engagements to another building society under section nineteen of this Act,

and the Chief Registrar may, having regard to the proposals, postpone his decision to present a petition for the winding up of the relevant society under the Companies Act, 1948.

6.—(1) Until the end of the relevant period the relevant society shall not, without the consent of the Chief Registrar, unite with another building society under section eighteen of this Act, or transfer its engagements to another building society under section nineteen of this Act, unless the other building society (or, in the case of a union with two or more societies, one of those societies) has been incorporated for more than five years and has assets which exceed one hundred thousand pounds in value.

(2) In giving his consent under the preceding sub-paragraph—

(*a*) to a union, where any of the holders of the relevant shares will become holders of shares in the building society formed on the union, or

(*b*) to a transfer of engagements, where any of the holders of the relevant shares will become holders of shares in the building society to which the engagements are transferred,

the Chief Registrar may attach to his consent conditions which are in his opinion equivalent to the conditions which under the preceding provisions of this Schedule attach to the relevant shares.

(3) If, at any time during the remainder of the relevant period, any conditions attached by virtue of the last preceding sub-paragraph are broken, the Chief Registrar may present a petition for the winding up under the Companies Act, 1948, of the building society formed on the union, or of the building society to which the engagements are transferred, as the case may be.

Section 14.

SECOND SCHEDULE

REQUIREMENTS RELATING TO ADVERTISING

General

1. The requirements set out in the following provisions of this Schedule are those which must be fulfilled, in accordance with subsection (3) of section fourteen of this Act, where an application is made by a building society under that section.

Special advances

2.—(1) The ascertained proportion for the last financial year of the society ending before the date of the application must not have exceeded ten per cent.

(2) In this paragraph "the ascertained proportion" has the meaning assigned to it by subsection (3) of section twenty-two of this Act.

Liquidity

3.—(1) At the end of the last financial year ending before the date of the application, the value of the liquid funds of the building society must have been seven and a half per cent. or more of the value of the assets of the society.

(2) For the purposes of this paragraph—

(*a*) "liquid funds" means the funds of the building society (whether represented by investments or on loan to a bank or held in cash) which were not immediately required for its purposes, less any amount due from the society (whether immediately payable or not) otherwise than in respect of shares in, or deposits with, the society, and

(*b*) the value of such of the funds of the society as were represented by investments shall be the value at which they were taken into account in the balance sheet for the last financial year ending before the date of the application, and not any alternative value shown in that balance sheet.

Advances to officers of society, or companies in which they are interested

4.—(1) At the end of the last financial year ending before the date of the application, there must not have been outstanding, in whole or in part, any advance made by the society of which particulars were, in compliance with section eighty-nine of this Act, shown in any annual return sent to the Chief Registrar by the society, or in any auditors' report made to the society.

(2) If particulars of any advance were so shown in any such annual return or auditors' report before the date of the application, the application shall be accompanied by a statutory declaration by the manager or secretary of the building society stating that the advance has been wholly repaid.

Avoidance of losses

5. The application must contain or be accompanied by a report by the auditors of the building society, stating that in their opinion the balance of the revenue and appropriation account for the last financial year ending before the date of the application represents a surplus, after making any adjustments which in their opinion are necessary to provide for diminution in value of assets, or in respect of items of an exceptional or abnormal nature.

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Interest on shares

6. The building society must not at the date of the application be in arrear with any interest due on shares in the society.

Directors

7. The application must be accompanied by a statutory declaration by the manager or secretary of the building society, stating that none of the directors of the society held office at the date of the application for a fixed term exceeding five years from appointment, or for a term which was not fixed.

8. Neither any director of the building society nor the manager or secretary may, at the date of the application, be a person who has been a director or the manager or secretary of a building society at a time when an order has been made against that society under section forty-eight of this Act, or under section six of the Building Societies Act, 1960, or section eleven of the Prevention of Fraud (Investments) Act, 1958, or section eleven of the Prevention of Fraud (Investments) Act, 1939, unless the order was made more than five years before the date of the application.

Section 26.

THIRD SCHEDULE

PERMITTED CLASSES OF ADDITIONAL SECURITY

1. A charge upon a policy of life assurance.

2. A guarantee given, whether in pursuance of a continuing arrangement or not, by an insurance company to which the Insurance Companies Act, 1958, applies.

3.—(1) A guarantee given, whether in pursuance of a continuing arrangement or not, under any of the enactments specified in the next following sub-paragraph (being enactments under which certain local authorities are or were empowered to guarantee the repayment of advances to building societies).

(2) The said enactments are—

(*a*) in relation to England and Wales, section forty-five of the Housing (Financial Provisions) Act, 1958, section five of the Housing Act, 1949, and paragraph (*b*) of subsection (1) of section ninety-one of the Housing Act, 1936;

(*b*) in relation to Scotland, section seventy-seven of the Housing (Scotland) Act, 1950, section thirty of the Housing (Scotland) Act, 1949, and paragraph (*b*) of subsection (1) of section seventy-five of the Housing (Scotland) Act, 1925;

(*c*) in relation to Northern Ireland, subsection (1) of section twenty-three of the Housing (Miscellaneous Provisions) and Rent Restriction Law (Amendment) Act (Northern Ireland), 1956.

4. A charge upon money deposited with the building society or upon any narrower-range investments or wider-range investments (within the meaning of the Trustee Investments Act, 1961).

5.—(1) A charge given by the member upon the stock, shares or other securities of a public utility undertaking by which the member is or has been employed, being a charge effected in favour of a building society which carries on business wholly or mainly for the purpose of facilitating the acquisition of houses by persons who are or have been employed by that undertaking.

(2) In this paragraph "public utility undertaking" means any company or other body or person authorised by or under any Act, or under any order having the force of an Act, to construct, work or carry on a railway, canal, inland navigation, dock, harbour, tramway, gas, electricity, water or other public undertaking.

6. A guarantee, not being a guarantee in pursuance of a continuing arrangement, accepted by the building society with the written consent of the member, and supported by a charge upon money deposited with the society or upon any such investments as are mentioned in paragraph 4 of this Schedule.

7. A charge upon money deposited with the building society, being a charge which is given in accordance with arrangements which are approved by the Chief Registrar and which provide that the society shall also take, as further security for each advance in respect of which such a charge is given to the society, a guarantee given by an insurance company to which the Insurance Companies Act, 1958, applies.

8. A guarantee given in pursuance of a continuing arrangement which conforms to the requirements of Part I of the Fourth Schedule to this Act, being, except as otherwise provided in Part II of that Schedule, a guarantee supported by deposits of money made in pursuance of such an arrangement.

9.—(1) A guarantee given, whether in pursuance of a continuing arrangement or not, by—

(*a*) a bank authorised under section fifty-nine of this Act to hold the funds of a building society, or

(*b*) a company, not being such a bank and not being an insurance company to which the Insurance Companies Act, 1958, applies, but being a company incorporated in the United Kingdom and having a total issued and paid-up share capital of one million pounds or more, and having, in each of the five years immediately preceding the calendar year in which the guarantee is given, paid a dividend on all the shares issued by it, excluding any shares issued after the dividend was declared and any shares which by their terms of issue did not rank for the dividend for that year.

(2) For the purposes of the preceding sub-paragraph a company formed to take over the business of another company or other companies, or to acquire the securities of, or control of, another company or other companies, or for either of those purposes and for other purposes, shall be deemed to have paid a dividend as mentioned in that sub-paragraph in any year in which such a dividend has been paid by the other company or all the other companies, as the case may be.

Section 26.

FOURTH SCHEDULE

GUARANTEES GIVEN UNDER CONTINUING ARRANGEMENTS

PART I

General requirements

1.—(1) Subject to the provisions of Parts II and III of this Schedule, the requirements referred to in paragraph 8 of the Third Schedule to this Act, in relation to a continuing arrangement made between a building society and another person, are those set out in the following provisions of this Part of this Schedule.

(2) In this Schedule, in relation to a continuing arrangement, "the guarantor" means the person (other than the building society) with whom the arrangement is made, and "guarantee" means a guarantee given by the guarantor in pursuance of the arrangement; "the advance", in relation to a guarantee, means the advance to which the guarantee relates; and "the purchase price", in relation to an advance, means the purchase price for the defraying of which the advance is made.

2. The arrangement must provide that each guarantee—

(*a*) will secure the repayment to the building society, on account of the principal of the advance, of a sum not less than the amount by which the advance exceeds two-thirds of the purchase price, and

(*b*) will also secure the repayment to the building society of all sums which may accrue due to the society in respect of the advance (otherwise than on account of the principal thereof) before the sums repayable to the society on account of that principal have been reduced to two-thirds of the purchase price.

3. The arrangement must provide that the guarantor will not be released from his liability in respect of any guarantee until the sum repayable to the building society in respect of the principal of the advance has been reduced to or below an amount equal to two-thirds of the purchase price.

4. The arrangement must provide that the guarantor will deposit with the building society, as security for his liability in respect of each guarantee, a sum of money which in the case of the first five guarantees is at least equal to the amount of the excess advance, and in the case of each subsequent guarantee is at least equal to one-third of that amount.

5.—(1) The arrangement must provide that, subject to any right of withdrawal which may be given by the arrangement in conformity with the next following paragraph, each sum deposited with the building society as mentioned in paragraph 4 of this Schedule will be held by the society, not only as security for the liability of the guarantor in respect of the guarantee in connection with which it was deposited, but also as security for such sums as may become due to the society in respect of all relevant advances.

(2) In this paragraph, and in paragraphs 6 and 7 of this Schedule, "relevant advance", in relation to a continuing arrangement, means an advance which fulfils the following conditions, that is to say—

(*a*) that the advance (whether made before or after the deposit in question) was made in pursuance of the arrangement, and

(*b*) that the sums repayable in respect of the principal of the advance have not for the time being been reduced to an amount equal to two-thirds of the purchase price.

6. The arrangement must provide that no withdrawal of or from the sums deposited with the building society as mentioned in paragraph 4 of this Schedule may be made by the guarantor, unless the sums held by the society in accordance with the last preceding paragraph as security in respect of relevant advances will, after the withdrawal, be of an amount at least equal to the sum of—

(*a*) the amount by which the aggregate of the sums then repayable to the building society in respect of the principal of advances to which this sub-paragraph applies exceeds two-thirds of the aggregate of the purchase prices relating to advances to which this sub-paragraph applies, and

(*b*) one-third of the amount by which the aggregate of the sums then repayable to the society in respect of the principal of advances to which this sub-paragraph applies exceeds an amount equal to two-thirds of the aggregate of the purchase prices relating to advances to which this sub-paragraph applies.

7. For the purposes of the application of the last preceding paragraph to the withdrawal of any sum deposited in pursuance of a continuing arrangement—

(*a*) sub-paragraph (a) of that paragraph applies to such of the relevant advances as were included in the first five advances made by the building society in pursuance of the arrangement, and

(*b*) sub-paragraph (b) of that paragraph applies to such of the relevant advances as were not so included.

PART II

Exemption from certain requirements in the case of continuing arrangements with government departments and other bodies

8. The provisions of this Part of this Schedule shall have effect where a building society proposes to make a continuing arrangement with a government department, a public utility undertaking or a recognised housing society.

9.—(1) If on the application of the building society the Chief Registrar is satisfied that compliance with the requirements of paragraphs 4 to 7 of this Schedule is wholly or partly unnecessary, the Chief Registrar may, with the approval of the Treasury, direct that all or any of those requirements shall be dispensed with.

(2) Where a direction is given under this paragraph, the provisions of Part I of this Schedule shall apply in relation to the arrangement subject to that direction.

4TH SCH

10. In this Part of this Schedule "public utility undertaking" has the same meaning as in paragraph 5 of the Third Schedule to this Act, and "recognised housing society" means any body of persons (whether incorporated or not) which, in the opinion of the Chief Registrar,—

(*a*) was on the relevant date carrying on business mainly for the purpose of facilitating the acquisition of houses by persons engaged or employed in any particular occupation or employment, or

(*b*) if formed after the relevant date, has succeeded to the business which on the relevant date was being carried on by a body as mentioned in the preceding sub-paragraph.

In this paragraph "the relevant date" means the first day of November, nineteen hundred and thirty-nine.

PART III

Modification of requirements in certain other cases

11. Where the Minister is satisfied, with respect to a body corporate,—

(*a*) that its objects include the improvement of standards of building;

(*b*) that it issues certificates in respect of buildings which appear to it to conform to such standards as, in the opinion of the Minister, justify the exercise in relation to that body of the powers conferred on him by this paragraph;

(*c*) that reasonable safeguards and remedies are provided with a view to securing that every building in respect of which it issues a certificate conforms to those standards; and

(*d*) that it has made reasonable arrangements for indemnification against loss suffered by reason that a building in respect of which it has issued a certificate does not conform to those standards,

the Minister may, with the consent of the Treasury, by order approve that body for the purposes of this Part of this Schedule.

12. In this Part of this Schedule "certified building" means a building in respect of which such a certificate as is mentioned in the last preceding paragraph has been issued by a body corporate approved by an order under that paragraph which was in force at the time when the certificate was issued.

13.—(1) Where a continuing arrangement provides that every guarantee given in pursuance of the arrangement shall relate to an advance made on the security of freehold or leasehold estate which comprises certified buildings, and comprises no other buildings except outhouses, the provisions of Part I of this Schedule shall have effect in relation to that arrangement subject to the modifications specified in the next following sub-paragraph.

(2) The said modifications are as follows:—

(*a*) in paragraphs 2, 3, 5 and 6 of this Schedule, for the words "two-thirds" wherever they occur there shall be substituted the words "seventy per cent.";

(*b*) in paragraph 4 of this Schedule, for the word "five" there shall be substituted the word "four", and for the words "one-third" there shall be substituted the words "one-fourth"; 4TH SCH.

(*c*) in paragraph 7 of this Schedule, for the word "five" there shall be substituted the word "four".

14. Any order made under this Part of this Schedule may be revoked by a further order made by the Minister with the consent of the Treasury.

15. In this Part of this Schedule "the Minister" in relation to England and Wales means the Minister of Health, and in relation to Scotland means the Secretary of State.

FIFTH SCHEDULE

Section 32.

PERMITTED CLASSES OF PRIOR CHARGES

1.—(1) Any charge over land in Great Britain acquired by a local authority under an Act of Parliament or under an instrument made under an Act of Parliament, being a charge which takes effect by virtue of the Act or instrument.

(2) In this paragraph "local authority"—

(*a*) in relation to England and Wales, means any authority being, within the meaning of the Local Loans Act, 1875, an authority having power to levy a rate, and

(*b*) in relation to Scotland, means a county council, town council or district council, or any authority, commissioners or trustees to whom section two hundred and seventy of the Local Government (Scotland) Act, 1947, applies.

2. Any charge over land in Northern Ireland required by section two of the Statutory Charges Register Act (Northern Ireland), 1951, to be registered in the statutory charges register.

SIXTH SCHEDULE

Section 37.

FORM OF RECEIPT TO BE ENDORSED ON MORTGAGE

The Building Society hereby acknowledge to have received all moneys intended to be secured by the within [*or* above] written deed.

In witness whereof the seal of the society is hereto affixed this day of by order of the board of directors [*or* committee of management] in presence of

By authority of the board of directors [*or* committee of management]

[*Other witnesses, if any required by the rules of the society.*]

Section 71.

SEVENTH SCHEDULE

FORM OF BOND FOR OFFICERS OF BUILDING SOCIETY

Know all men by these presents, That we, A.B. of one of the officers of the Building Society, established at in the county of , and C.D. of (as surety on behalf of the said A.B.), are jointly and severally held and firmly bound to the said society in the sum of to be paid to the said society, for which payment well and truly to be made we jointly and severally bind ourselves, and each of us by himself, our and each of our heirs, executors, and administrators, firmly by these presents, sealed with our seals.

Dated the day of , in the year of our Lord .

Whereas the above-bounden A.B. hath been duly appointed to the office of of the Building Society, established as aforesaid, and he, together with the above-bounden C.D. as his surety, have entered into the above-written bond, subject to the condition hereinafter contained:

Now, therefore, the condition of the above-written bond is such, that if the said A.B. shall and do render a just and true account of all moneys received and paid by him, and shall and do pay over all the moneys remaining in his hands, and assign and transfer or deliver all securities and effects, books, papers and property of or belonging to the said society in his hands or custody, to such person or persons as the said society shall appoint, according to the rules of the said society, together with the proper or legal receipts or vouchers for such payments, then the above-written bond shall be void and of no effect, otherwise shall be and remain in full force and virtue.

Section 130.

EIGHTH SCHEDULE

MODIFICATIONS OF ACT IN RELATION TO EXISTING SOCIETIES

Contents of rules

1. Subsection (1) of section four of this Act shall not operate so as to require the rules of a building society established before the twenty-fifth day of August, eighteen hundred and ninety-four, to set out the matters specified in paragraphs (*b*) to (*j*) of that subsection, if the society has not (either before or after the commencement of this Act) substituted a new set of rules for the rules which it had in force immediately before that day.

2. In the case of a building society established before the second day of November, eighteen hundred and seventy-four, subsection (1) of section four of this Act shall not require the rules to set out any of the matters specified in paragraph (*a*) or in paragraphs (*k*) to (*q*) of that subsection.

3.—(1) If and so far as a building society incorporated before the first day of October, nineteen hundred and sixty,—

(*a*) had not, before the end of the year nineteen hundred and sixty-one, provided in its rules for a matter specified in subsection (2) of section four of this Act, and

8TH SCH.

(*b*) has not subsequently (but before the commencement of this Act) altered its rules so as to provide for that matter and so as expressly to exclude the relevant provisions of the Fourth Schedule to the Building Societies Act, 1960 (which contained provisions corresponding to those of the Ninth Schedule to this Act),

the provisions of the Ninth Schedule to this Act shall (subject to the next following sub-paragraph) have effect, with respect to any meeting of the society, as if they formed part of the society's rules.

(2) Where, in a case falling within the preceding sub-paragraph, the building society has (whether before or after the commencement of this Act) provided by its rules for the matter in question, the society may also by its rules expressly exclude the relevant provisions of the Ninth Schedule to this Act.

Advances on mortgage

4.—(1) Section twenty-eight of this Act—

(*a*) shall not have effect with respect to any advance made before the first day of November, nineteen hundred and thirty-nine, and

(*b*) in relation to any advance made on or after that day, but before the first day of October, nineteen hundred and sixty, shall have effect as if the proviso to subsection (1) and the proviso to subsection (3) of that section had been omitted.

(2) Subject to the preceding sub-paragraph, section twenty-eight of this Act shall have effect in relation to an advance made before as it has effect in relation to an advance made after the commencement of this Act.

5. Section thirty-five of this Act does not apply to a building society established before the twenty-fifth day of August, eighteen hundred and ninety-four.

6.—(1) Where the rules of such a building society provide that advances may be balloted for, the society may, in accordance with the following provisions of this paragraph, resolve upon a scheme for discontinuing advances by ballot and for making other provision in lieu thereof.

(2) Any such resolution shall have effect (notwithstanding anything in the rules of the society) if, but only if, it is passed by a majority of the members of the society voting in person or by proxy or by voting papers at a meeting called for the purpose, and if the scheme is supported by a majority of such of the members voting in person or by proxy or by voting papers at the meeting as have not at the date of the meeting received their advances by ballot.

(3) A notice of any such meeting, and a copy of the proposed scheme, together with a voting paper, shall be sent by post to every member of the society at least twenty-one days before the date of the meeting.

(4) Every scheme so resolved upon, and every alteration of such a scheme, shall be registered in the manner provided by this Act

8TH SCH. for the registration of rules, and shall be binding on all members and officers of the building society.

Members or depositors dying intestate

7. Section forty-six of this Act shall have effect with respect to persons who died before as it has effect in relation to persons who die after the commencement of this Act, except that, in relation to any person who died before the first day of October, nineteen hundred and sixty, that section shall have effect with the substitution, for the words "one hundred pounds", of the words "fifty pounds".

Special powers of control in relation to small societies

8.—(1) In the case of a building society established within the period of three years ending with the thirtieth day of September, nineteen hundred and sixty, the Chief Registrar shall not serve on the society a notice under section fifty-five of this Act at any time within three years from the date on which it was established.

(2) In relation to such a building society, the preceding sub-paragraph shall have effect in substitution for subsection (1) of section fifty-six of this Act.

Annual return of certain transactions

9. In relation to any return sent to the central office under subsection (2) of section thirteen of the Building Societies Act, 1939 (which made provision for a return to the central office corresponding to that required by subsection (1) of section ninety of this Act to be sent to the Chief Registrar), the provisions of subsections (2) and (3) of section ninety of this Act shall have effect, but as if in subsection (3) of that section the reference to the Chief Registrar were a reference to the central office.

Liability of officers and auditors

10. In respect of anything done at a time before the first day of May, nineteen hundred and forty, nothing in subsection (1) of section ninety-two of this Act shall deprive a person of any exemption or right to be indemnified by virtue of a provision to which that section applies, if that provision was in force at that time.

Financial year

11. In the case of a building society established before the twenty-fifth day of August, eighteen hundred and ninety-four,—

(*a*) if, before the commencement of this Act, the society has altered its financial year in the exercise of the power conferred by subsection (2) of section seventy of the Building Societies Act, 1960 (which contained provisions corresponding to those of subsection (2) of section one hundred and twenty-eight of this Act), "financial year" shall have the meaning assigned to it by section one hundred and twenty-eight of this Act and shall also (so far as may be relevant for the purposes of this Act) include the period for which the society made up its accounts in the exercise of that power;

(*b*) if, after the commencement of this Act, the society exercises the power conferred by subsection (2) of section one hundred and twenty-eight of this Act, "financial year" shall have the meaning assigned to it by that section (including subsection (2) thereof) in relation to the period mentioned in that subsection and in relation to any subsequent period;

(*c*) subject to the preceding provisions of this paragraph, "financial year" means a period of twelve months ending with the time up to which, at the passing of the Building Societies Act, 1960 (that is to say, on the twenty-ninth day of July, nineteen hundred and sixty), the accounts of the society were annually made up.

Interpretation

12. Any reference in any provision of this Schedule to a building society established before a date therein mentioned is a reference to a society established before that date which either was established as a building society within the meaning of this Act or has (whether before or after the commencement of this Act) become such a building society.

NINTH SCHEDULE

Section 130.

STANDARD RULES FOR MEETINGS OF BUILDING SOCIETIES

Annual general meeting and other meetings

1.—(1) The society shall in the first four months of each financial year hold a meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and the annual general meeting shall be held at such time and place as the directors shall appoint.

(2) The directors of the society may, whenever they think fit, convene a meeting other than the annual general meeting.

Right to requisition a meeting

2.—(1) The directors of the society shall, on the requisition of a number of members of the society which is not less than one-tenth of the total membership, or, if the society has more than one thousand members, on the requisition of one hundred or more members, forthwith proceed duly to convene a meeting of the society.

(2) The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the chief office of the society, and may consist of several documents in like form each signed by one or more requisitionists.

(3) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any proportion of them exceeding one-half, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

9TH SCH

(4) The meeting convened under this rule by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are convened by the directors.

(5) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the society, and any sum so repaid shall be retained by the society out of any sums owed to or coming from the society to such of the directors as were in default by way of fees or other remuneration in respect of their services.

(6) The society or, as the case may be, the requisitionists shall give the members of the society notice of any resolution which the requisitionists propose to move at the meeting at the same time and in the same manner as notice is given of the meeting.

Form of notice of meeting

3. Notice of a meeting of the society shall specify the place, the day and the hour of meeting and the nature of the business to be transacted at the meeting.

Service of notices of meetings and resolutions

4.—(1) A notice may be given by the society to any member by sending it by post to him or to his registered address, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the society for the giving of notice to him.

Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected, in the case of a notice of a meeting, at the expiration of twenty-four hours after the letter containing it is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

(2) A notice may be given by the society to the joint holders of a share by giving the notice to the joint holder first named in the books of the society in respect of the share.

(3) A notice may be given by the society to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within the United Kingdom supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which it might have been given if the death or bankruptcy had not occurred.

Procedure at meetings 9TH SCH

5.—(1) No business shall be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, five members present in person shall be a quorum.

(2) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

(3) The chairman, if any, of the board of directors shall preside as chairman at every meeting of the society, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the directors present shall elect one of their number to be chairman of the meeting.

(4) If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be the chairman of the meeting.

(5) The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(6) At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded—

(*a*) by the chairman, or

(*b*) by at least ten members present in person or by proxy.

Unless a poll be so demanded a declaration by the chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the society, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

The demand for a poll may be withdrawn.

9TH SCH

(7) If a resolution put to the vote of the meeting is a resolution which under the Building Societies Act, 1962, will not be effective unless it is passed as a special resolution, a poll shall be deemed to have been demanded by the chairman.

6.—(1) Except as provided in the following provisions of this rule, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

(2) In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

(3) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Votes of members

7.—(1) On a show of hands every member present in person shall have one vote.

(2) On a poll on a resolution which under the Building Societies Act, 1962, will not be effective unless it is passed as a special resolution, every member shall have one vote.

(3) On a poll on any other resolution a member who at the end of the last financial year ending before the date of the meeting held shares in the building society to the value of twenty-five pounds or more shall have such number of votes as is indicated in the following Table.

TABLE

Where the member holds shares to the value of—	Number of votes
£25 or more but not more than £100	One vote
More than £100 but not more than £200	Two votes
More than £200 but not more than £300	Three votes
More than £300 but not more than £400	Four votes
More than £400...	Five votes

For the purpose of this rule any shares which are fully paid up shall be taken at their nominal value and any shares which are partly paid up shall be taken at the amount which has been paid up on them respectively.

9TH SCH.

(4) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

(5) On a poll votes may be given either personally or by proxy.

8.—(1) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the society.

(2) The instrument appointing a proxy, and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the chief office of the society, or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting, not less than forty-eight hours before the time for holding the meeting, or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(3) An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit—

"

Building Society

I/We of in the county of , being a member/members of the above-named society, hereby appoint of , or failing him, of , as my/our proxy to vote for me/us on my/our behalf at the meeting of the society to be held on the day of , 19 , and at any adjournment thereof.

Signed this day of , 19 ."

(4) Where it is desired to afford members an opportunity of voting for or against a resolution, the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit—

"

Building Society

I/We of in the county of , being a member/members of the above-named society, hereby appoint of , or failing him, of , as my/our proxy to vote for me/us on

9TH SCH my/our behalf at the meeting of the society to be held on the day of , 19 , and at any adjournment thereof.

Signed this day of , 19 .

This form is to be used * $\frac{\text{in favour of}}{\text{against}}$ the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

* *Strike out whichever is not desired.*"

(5) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the society at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Joint shareholders

9.—(1) A joint holding of shares in the society shall not give to any of the joint holders, other than the one who is first named in the books of the society, the right to attend a meeting or any right conferred by these rules on a member.

(2) Without prejudice to the generality of the foregoing provisions of this rule, any shares which are held jointly shall, for the purpose of determining which members are qualified to vote, whether in person or by proxy, on any resolution, and the number of votes they may give, be regarded as held by the joint holder who is first named in the books of the society.

(3) Any reference in these rules to the total membership of the society, or to any number of members of the society, shall be read as if any shares held jointly were held by the joint holder so first named.

Corporations acting by representatives at meetings

10. Any corporation which is a member of the society may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the society or of any class of members of the society, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the society.

TENTH SCHEDULE

Section 131.

REPEALS AND REVOCATIONS
PART I

ENACTMENTS REPEALED

Session and Chapter	Short Title	Extent of Repeal
37 & 38 Vict. c. 42.	The Building Societies Act, 1874.	The whole Act except sections one, four and seven, and, in section thirty-two, the words "A society under this Act may terminate or be dissolved" and paragraph 4.
38 Vict. c. 9.	The Building Societies Act, 1875.	The whole Act.
40 & 41 Vict. c. 63.	The Building Societies Act, 1877.	The whole Act.
47 & 48 Vict. c. 41.	The Building Societies Act, 1884.	The whole Act.
57 & 58 Vict. c. 47.	The Building Societies Act, 1894.	The whole Act except sections eight and twenty-nine.
59 & 60 Vict. c. 25.	The Friendly Societies Act, 1896.	In section two, paragraph (*b*) of subsection (1). In section four, paragraph (*b*) of subsection (1).
2 & 3 Geo. 6. c. 55.	The Building Societies Act, 1939.	The whole Act.
3 & 4 Geo. 6. c. 19.	The Societies (Miscellaneous Provisions) Act, 1940.	Section five.
8 & 9 Eliz. 2. c. 64.	The Building Societies Act, 1960.	The whole Act except sections sixty-three, seventy-two and seventy-five, the definition of "member" in subsection (1) of section seventy-three, section seventy-seven, and, in the Fifth Schedule, the entries relating to the Friendly Societies Act, 1829, and to section thirty-two of the Building Societies Act, 1874.
9 & 10 Eliz. 2. c. 62.	The Trustee Investments Act, 1961.	Paragraph 2 of the Fourth Schedule.

10TH SCH.

PART II

ORDERS REVOKED

1. The Building Societies (Additional Security) Order, 1961 (S.I. 1961/1183).

2. The Building Societies (Additional Security) (No. 2) Order, 1961 (S.I. 1961/2245).

Table of Statutes referred to in this Act

Short Title	Session and Chapter
Friendly Societies Act, 1829	10 Geo. 4. c. 56.
Building Societies Act, 1836	6 & 7 Will. 4. c. 32.
Building Societies Act, 1874	37 & 38 Vict. c. 42.
Local Loans Act, 1875	38 & 39 Vict. c. 83.
Interpretation Act, 1889	52 & 53 Vict. c. 63.
Building Societies Act, 1894	57 & 58 Vict. c. 47.
Friendly Societies Act, 1896	59 & 60 Vict. c. 25.
Conveyancing (Scotland) Act, 1925	14 & 15 Geo. 5. c. 27.
Housing (Scotland) Act, 1925	15 & 16 Geo. 5. c. 15.
Law of Property Act, 1925	15 & 16 Geo. 5. c. 20.
Land Registration Act, 1925	15 & 16 Geo. 5. c. 21.
Housing Act, 1936	26 Geo. 5 & 1 Edw. 8. c. 51.
Prevention of Fraud (Investments) Act, 1939 ...	2 & 3 Geo. 6. c. 16.
Building Societies Act, 1939	2 & 3 Geo. 6. c. 55.
Societies (Miscellaneous Provisions) Act, 1940 ...	3 & 4 Geo. 6. c. 19.
Statutory Instruments Act, 1946	9 & 10 Geo. 6. c. 36.
Local Government (Scotland) Act, 1947 ...	10 & 11 Geo. 6. c. 43.
Companies Act, 1948	11 & 12 Geo. 6. c. 38.
Housing Act, 1949	12, 13 & 14 Geo. 6. c. 60.
Housing (Scotland) Act, 1949	12, 13 & 14 Geo. 6. c. 61.
Arbitration Act, 1950	14 Geo. 6. c. 27.
Housing (Scotland) Act, 1950	14 Geo. 6. c. 34.
Housing (Financial Provisions) Act, 1958 ...	6 & 7 Eliz. 2. c. 42.
Prevention of Fraud (Investments) Act, 1958 ...	6 & 7 Eliz. 2. c. 45.
Insurance Companies Act, 1958	6 & 7 Eliz. 2. c. 72.
County Courts Act, 1959	7 & 8 Eliz. 2. c. 22.
Building Societies Act, 1960	8 & 9 Eliz. 2. c. 64.
Trustee Investments Act, 1961	9 & 10 Eliz. 2. c. 62.