STATUTORY INSTRUMENTS

2026 No. 1115

BUILDING SOCIETIES

The Building Societies Act 1986 (Assimilation to Company Law and Changes to Funding Limit) Order 2026

Made - - - -	*21st October 2026*
Coming into force - -	*1st January 2027*

The Treasury make this Order in exercise of the powers conferred by sections 7(9B) and (9C), 104(1), (2)(za) and (3)(b) of the Building Societies Act 1986 ("the Act")(**a**).

In accordance with section 104(1) of the Act, it appears to the Treasury to be expedient to modify the relevant provisions of the Act for the purpose of assimilating the law relating to companies and the law relating to building societies(**b**).

In accordance with sections 7(9D) and 104(5) of the Act a draft of this Order has been laid before and approved by a resolution of each House of Parliament.

Citation, commencement, extent and interpretation

1.—(1) This Order may be cited as the Building Societies Act 1986 (Assimilation to Company Law and Changes to Funding Limit) Order 2026.

(2) This Order comes into force on 1st January 2027.

(3) This Order extends to England and Wales, Scotland and Northern Ireland.

(4) In this Order, "the Act" means the Building Societies Act 1986.

Amendments to the Building Societies Act 1986

2.—(1) In section 5(8) of the Act (establishment, constitution and powers)(**c**)—

(a) omit "and" at the end of paragraph (b);

(b) after paragraph (b) insert—

(**a**) 1986 c. 53. Section 7 was substituted by section 8 of the Building Societies Act 1997 (c. 32) and amended by Schedule 9 to the Financial Services (Banking Reform) Act 2013 (c. 33), section 1 of the Building Societies Act 1986 (Amendment) Act 2024 (c. 18) and S.I. 2001/2617. Section 104 was amended by section 3 of the Building Societies Act 1986 (Amendment) Act 2024 (c. 18).

(**b**) Section 4(3) of the Building Societies Act 1986 (Amendment) Act 2024 (c. 18) makes transitional provision for the power in section 104(2)(za) of the Building Societies Act 1983 (c. 53) to be used to assimilate modifications to companies law that were made before the coming into force of that power. The relevant modifications of the statutory provisions relating to companies for the purposes of this Order are the repeal of sections 36A (execution of documents: England and Wales), 36AA (execution of deeds), 36B (execution of documents by companies), 38 (execution of deeds abroad), 39 (power of company to have official seal for use abroad) and 41 (authentication of documents) of the Companies Act 1985 (c. 6) by section 1295, and the subsequent provision made by sections 43 to 49 of the Companies Act 2006 (c. 46).

(**c**) Section 5(8) was amended by section 3 of the Building Societies Act 1997 (c. 32).

"(ba) Part 2A makes provision with respect to common seals and the execution of documents; and".

(2) Schedule 2 to the Act (establishment, incorporation and constitution) is amended in accordance with sub-paragraphs (3) to (5).

(3) In the table in paragraph 3(4) (matters to be covered by building society's rules)(**a**), in item 12, for "The form, custody and use of the society's common seal" substitute "If the society has a common seal, the form, custody and use of that seal".

(4) In paragraph 9, omit sub-paragraph (1) (requirement for seal to bear registered name)(**b**).

(5) After paragraph 19 insert—

"PART 2A

COMMON SEALS AND EXECUTION OF DOCUMENTS

Common seals under the law of England and Wales or Northern Ireland

19A.—(1) A building society may have a common seal, but need not have one.

(2) A building society which has a common seal must have its name engraved in legible characters on the seal.

(3) If a building society fails to comply with sub-paragraph (2) an offence is committed by—

(a) the building society; and

(b) every officer of the building society who is in default.

(4) An officer of a building society, or a person acting on behalf of a building society, commits an offence if the officer or person uses, or authorises the use of, a seal purporting to be the building society's common seal which does not comply with sub-paragraph (2).

(5) A person guilty of an offence under this paragraph is liable—

(a) on summary conviction in England and Wales, to a fine;

(b) on summary conviction in Northern Ireland, to a fine not exceeding level 3 on the standard scale.

(6) This paragraph does not form part of the law of Scotland.

Execution of documents under the law of England and Wales or Northern Ireland

19B.—(1) Under the law of England and Wales or Northern Ireland a document is executed by a building society—

(a) by the affixing of its common seal, or

(b) by signature in accordance with this paragraph.

(2) A document is validly executed by a building society if it is signed on behalf of the building society—

(a) by two authorised signatories, or

(b) by a director of the building society in the presence of a witness who attests the signature.

(3) The following are "authorised signatories" for the purposes of sub-paragraph (2)—

(a) every director of the building society, and

(b) the secretary of the building society.

(**a**) There are amendments to paragraph 3 which are not relevant to this Order.
(**b**) There are amendments to paragraph 9 which are not relevant to this Order.

(4) A document signed in accordance with sub-paragraph (2) and expressed, in whatever words, to be executed by the building society has the same effect as if executed under the common seal of the society.

(5) In favour of a purchaser a document is deemed to have been duly executed by a building society if it purports to be signed in accordance with sub-paragraph (2).

(6) In sub-paragraph (5), a "purchaser" means a purchaser in good faith for valuable consideration and includes a lessee, mortgagee or other person who for valuable consideration acquires an interest in property.

(7) Where a document is to be signed by a person on behalf of more than one building society, it is not duly signed by that person for the purposes of this paragraph unless the person signs it separately in each capacity.

(8) References in this paragraph to a document being (or purporting to be) signed by a director or secretary are to be read, in a case where that office is held by a firm, as references to its being (or purporting to be) signed by an individual authorised by the firm to sign on its behalf.

(9) This paragraph applies to a document that is (or purports to be) executed by a building society in the name or on behalf of another person whether or not that person is also a building society.

Execution of deeds under the law of England and Wales or Northern Ireland

19C.—(1) A document is validly executed by a building society as a deed for the purposes of section 1(2)(b) of the Law of Property (Miscellaneous Provisions) Act 1989(**a**) and for the purposes of the law of Northern Ireland if, and only if—

(a) it is fully executed by the building society, and

(b) it is delivered as a deed.

(2) For the purposes of sub-paragraph (1)(b), a document is presumed to be delivered upon its being executed, unless a contrary intention is proved.

Execution of deeds or other documents by attorney under the law of England and Wales or Northern Ireland

19D.—(1) Under the law of England and Wales or Northern Ireland a building society may, by instrument executed as a deed, empower a person, either generally or in respect of specified matters, as its attorney to execute deeds or other documents on its behalf.

(2) A deed or other document executed in accordance with sub-paragraph (1), whether in the United Kingdom or elsewhere, has effect as if executed by the building society.

Common seals and execution of documents under the law of Scotland

19E.—(1) This paragraph forms part of the law of Scotland only.

(2) Despite the provisions of any enactment, a building society need not have a common seal.

(3) For the purposes of any enactment—

(a) providing for a document to be executed by a building society by affixing its common seal, or

(b) referring (in whatever terms) to a document so executed,

a document signed or subscribed (or, in the case of an electronic document, authenticated) by or on behalf of the building society in accordance with the

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(**a**) 1989 c. 34.

provisions of the Requirements of Writing (Scotland) Act 1995(**a**) has effect as if so executed.

Official seals for use abroad

19F.—(1) A building society that has a common seal may have an official seal for use outside the United Kingdom.

(2) The official seal must be a facsimile of the building society's common seal, with the addition on its face of the place or places where it is to be used.

(3) The official seal when duly affixed to a document has the same effect as the building society's common seal.

(4) Sub-paragraph (3) does not extend to Scotland.

(5) A building society having an official seal for use outside the United Kingdom may—

(a) by writing under its common seal, or

(b) in relation to Scotland, by writing subscribed or authenticated in accordance with the Requirements of Writing (Scotland) Act 1995,

authorise any person appointed for the purpose to affix the official seal to any deed or other document to which the building society is party.

(6) As between the building society and a person dealing with such an agent, the agent's authority continues—

(a) during the period mentioned in the instrument conferring the authority, or

(b) if no period is mentioned, until notice of the revocation or termination of the agent's authority has been given to the person dealing with the agent.

(7) The person affixing the official seal must certify in writing on the deed or other document to which the seal is affixed the date on which, and place at which, it is affixed.".

Amounts or sums disregarded from the funding limit

3.—(1) A facility provided by the Bank of England in accordance with the Sterling Monetary Framework(**b**), as that document has effect from time to time, is a specified liquidity insurance facility for the purposes of section 7(3)(c) of the Act (amounts drawn by a building society from a specified liquidity insurance facility provided by the Bank of England that are disregarded from the funding limits)(**c**).

(2) A secondary non-preferential debt is a specified debt instrument for the purposes of section 7(3)(d) of the Act (amounts represented by specified debt instruments issued by a society with a view to maintaining the minimum requirement for own funds and eligible liabilities that are disregarded from the funding limit).

(3) A requirement for a building society to hold level 1 assets in accordance with the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook is a specified PRA rule for the purposes of section 7(3)(e) of the Act (sums received by a building society under a sale and repurchase agreement entered into by a society with a view to complying with a specified PRA rule that are disregarded from the funding limit).

(4) In this article—

"level 1 assets" has the same meaning as in Article 10 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook;

(**a**) 1995 c. 7.

(**b**) The terms and conditions for participation in the Bank of England's operations under the Sterling Monetary Framework can be found at https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/our-tools and a copy can be obtained from the Bank of England, Threadneedle Street, London, EC2R 8AH.

(**c**) Section 7 was substituted by section 8 of the Building Societies Act 1997 (c. 32) and amended by Schedule 9 to the Financial Services (Banking Reform) Act 2013 (c. 33), section 1 of the Building Societies Act 1986 (Amendment) Act 2024 (c. 18) and S.I. 2001/2617. There are other amendments to section 7 which are not relevant to this Order.

"PRA Rulebook" means the rulebook published by the PRA containing PRA rules(**a**) as they have effect from time to time(**b**);

"secondary non-preferential debt" has the same meaning as in section 387A(3)(b) of the Insolvency Act 1986(**c**).

Review

4.—(1) The Treasury must from time to time—

(a) carry out a review of the regulatory provision contained in articles 2 and 3, and

(b) publish a report setting out of the conclusions of the review.

(2) The first report must be published before the end of the period of 5 years beginning with 1st January 2027.

(3) Subsequent reports must be published at intervals not exceeding 5 years.

(4) Each report must in particular—

(a) set out the objectives intended to be achieved by the regulatory provision referred to in paragraph (1)(a),

(b) assess the extent to which those objectives are achieved,

(c) assess whether those objectives remain appropriate, and

(d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.

(5) In this regulation, "regulatory provision" has the same meaning as in sections 28 to 32 of the Small Business, Enterprise and Employment Act 2015(**d**) (duty to review regulatory provisions in secondary legislation).

Christian Wakeford
Shaun Davies

21st October 2026 — Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends, and modifies the application of, provisions of the Building Societies Act 1986 (c. 53) ("the Act").

Article 2 amends Schedule 2 to the Act to assimilate certain provisions of the law relating to building societies and companies concerning seals and the execution of documents. These amendments align the position for building societies and companies on the discretion to have a common and official seal and requirements on executing documents and deeds using a common seal, official seal, or by signature.

Article 2(2) amends paragraph 3 of Schedule 2 to the Act. The change requires a building society to make provision in its rules for the form, custody and use of a seal if that building society has a common seal.

(**a**) "The PRA" and "PRA rule" are respectively defined in sections 119(1) and 7(9A) of the Building Societies Act 1986 (c. 53).

(**b**) The rulebook can be found at https://www.prarulebook.co.uk/ and a copy can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA.

(**c**) 1986 c. 45. Section 387A was inserted by S.I. 2018/1244.

(**d**) 2015 c. 26.

Article 2(5) inserts a new Part 2A into Schedule 2 of the Act, which consists of the following paragraphs—

— Paragraph 19A gives discretion to building societies to have a common seal under the law of England and Wales and Northern Ireland, provides for the content of common seals and creates two criminal offences. It makes similar provision to section 45 of the Companies Act 2006 (c. 46).

— Paragraph 19B makes provision under the law of England and Wales and Northern Ireland for certain persons to execute documents and deeds on behalf of a building society by affixing a building society's common seal or official seal or by signature. It corresponds to section 44 of the Companies Act 2006.

— Paragraph 19C makes provision for the execution of deeds under the law of England and Wales and Northern Ireland. It corresponds to section 46 of the Companies Act 2006.

— Paragraph 19D makes provision for the execution of deeds or other documents by attorney under the law of England and Wales and Northern Ireland. It corresponds to section 47 of the Companies Act 2006.

— Paragraph 19E makes provision in relation to common seals and the execution of documents under the law of Scotland. It corresponds to section 48 of the Companies Act 2006.

— Paragraph 19F enables building societies with a common seal to have an official seal for use outside the United Kingdom. It makes similar provision to section 49 of the Companies Act 2006.

Under section 7 of the Act at least 50 per cent of a building society's liabilities must be shares owned by individuals ("the funding limit"). Article 3 specifies certain matters which are to be disregarded for the purposes of calculating the funding limit.

Article 4 provides that the Treasury must review this Order and publish a report setting out the review's conclusions within 5 years of its coming into force. Further reviews must be carried out every 5 years.

A full impact assessment has not been produced for this Order as no, or no significant, impact on the private, voluntary or public sector is foreseen. A de minimis impact assessment of the effect of this instrument may be obtained from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is published alongside this Order on www.legislation.gov.uk.

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