STATUTORY INSTRUMENTS

1983 No. 1769

BUILDING SOCIETIES

The Building Societies (Authorised Investments) (Amendment) Order 1983

Made - - -	*29th November* 1983
Laid before Parliament	*8th December* 1983
Coming into Operation	*31st December* 1983

The Chief Registrar of Friendly Societies, with the consent of the Treasury, in exercise of the powers conferred upon him by section 58 of the Building Societies Act 1962(**a**), and of all other powers enabling him in that behalf, hereby makes the following Order:—

1. This Order may be cited as the Building Societies (Authorised Investments) (Amendment) Order 1983 and shall come into operation on 31st December 1983.

2. The Building Societies (Authorised Investments) (No. 2) Order 1977 (**b**) (which prescribes the manner in which a building society may invest funds not immediately required for its purposes) shall be amended as follows:—

(a) In paragraph (1) of article 2, there shall be added at the end thereof:—

"and subject, so far as the making of any investment in the manner specified in paragraphs 6B and 6C of Part I of that Schedule is concerned, to article 3A of this Order."

(b) After article 3, there shall be inserted the following article:—

"3A. Without prejudice to article 3 above, a building society shall not—

(a) make an investment in the manner specified in paragraph 6B of Part I of the Schedule to this Order (bills of exchange) if the making of the investment would bring the value of the society's total holding of such investments to more than one per cent of the value of the assets of the building society at the end of its last financial year;

(b) make an investment in the manner specified in paragraph 6C of Part I of the Schedule to this Order (certificates of deposit issued by building societies) if the making of the investment would bring the value of the society's total holding of such investments to more than two and one half per cent of the value of the assets of the building society at the end of its last financial year."

(c) In paragraph 1 of the Schedule to the Order there shall be added at the end the words "and National Savings Deposit Bonds."

(**a**) 1962 c.37.
(**b**) S.I. 1977/2052, amended by S.I. 1979/1301, 1982/1761.

(d) In paragraph 3 of the Schedule to the Order, there shall be added the following subparagraph:—

"(g) securities issued in the United Kingdom by the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Atomic Energy Community, the European Economic Community, the International Finance Corporation or the International Monetary Fund, being securities registered in the United Kingdom."

(e) After paragraph 6A of the Schedule to the Order, there shall be added the following paragraphs:—

"6B. In bills of exchange which—

(a) will mature for payment in not more than 180 days from the date of acceptance; and

(b) are addressed to, and signed as acceptor on behalf of, an eligible bank.

6C. In certificates of deposit issued by another building society (being a building society having assets at the end of its last financial year the value of which exceeded £2,000 million) under which—

(a) the amount payable by the society, exclusive of interest, is not less than £50,000; and

(b) the obligation of the society to pay that amount arises before the expiry of the period of twelve months beginning on the date of issue of the certificate".

(f) In paragraphs 8 and 12 respectively of the Schedule to the Order, for the words "subparagraphs *(a)* to *(f)* of paragraph 3" there shall be substituted the words "subparagraphs *(a)* to *(g)* of paragraph 3".

(g) In paragraph 14 of the Schedule to the Order there shall be inserted in alphabetical position the following definitions—

" "bill of exchange" has the same meaning as in the Bills of Exchange Act 1882(**a**) ;

"eligible bank" means a bank named on the list most recently published by the Bank of England of banks whose acceptances are eligible for discount at the Bank of England;".

J. M. Bridgeman,
Chief Registrar of Friendly Societies

Dated: 28th November 1983.

(**a**) 1882 c.61.

We Consent to this Order.

T. Garel-Jones,
Ian B. Lang,
Two of the Lords Commissioners
of Her Majesty's Treasury

Dated: 29th November 1983.

EXPLANATORY NOTE

(*This Note is not part of the Order.*)

This Order amends the Building Societies (Authorised Investments) (No. 2) Order 1977 by adding to the classes of investments in which building societies may place funds not immediately required for their purposes. Building Societies are permitted by the Order to invest in National Savings Deposit Bonds and in marketable fixed interest or variable interest securities issued and registered in the United Kingdom by certain international institutions. Also, building societies are permitted for the first time to invest in bills of exchange and in certain certificates of deposit issued by other building societies having assets of over £2,000 million, subject to limits on the amount of their holdings in each case.

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