STATUTORY INSTRUMENTS

1962 No. 2044

BUILDING SOCIETIES

The Building Societies (Authorised Investments) Order 1962

Made - - - -	17*th September* 1962
Laid before Parliament	24*th September* 1962
Coming into Operation	1*st October* 1962

The Chief Registrar of Friendly Societies, with the consent of the Treasury, pursuant to the powers conferred upon him by section 11 (1) of the Building Societies Act 1960(a) and section 58 of the Building Societies Act 1962(b), and to all other powers enabling him in that behalf, hereby makes the following Order:—

1.—(1) In this Order—

"building society" means a society incorporated under the Building Societies Act 1962, or under the enactments repealed by that Act, and any unincorporated society certified under the Act of 1836 as defined in section 125 (5) of the Building Societies Act 1962;

"financial year" in relation to a society incorporated under the Building Societies Act 1962, or under the enactments repealed by that Act, has the meaning assigned to it by section 128 of that Act, and in relation to an unincorporated society certified under the Act of 1836 has the meaning assigned to it by section 70 of the Building Societies Act 1960;

"surplus funds" in relation to a building society means such of its funds as are not immediately required for its purposes;

"value" in relation to the assets or the investments of a building society means the value at which the assets or the investments, as the case may be, are taken into account in the books of the building society.

(2) Reference in this Order to investing funds or the making of an investment shall include investing funds or the making of an investment by way of reinvestment.

(3) The Interpretation Act 1889(c) shall apply to the interpretation of this Order as it applies to the interpretation of an Act of Parliament.

2.—(1) The manner in which a building society may invest any part of its surplus funds is specified in Parts I, II and III of the Schedule to this Order, subject however so far as the making of any investment in any manner specified in Parts II and III of that Schedule is concerned to the following article.

(2) Part IV of the Schedule to this Order shall have effect for the purposes of Parts I, II and III thereof and for the interpretation of those Parts.

3. A building society shall not—

(*a*) make an investment in any manner specified in Part II of the Schedule to this Order unless at the time of the making of such investment it

(a) 8 & 9 Eliz. 2. c. 64. (b) 10 & 11 Eliz. 2. c. 37. (c) 52 & 53 Vict. c. 63.

holds investments of any kinds specified in Part I of that Schedule amounting in value to not less than seven and one half per cent. of the value of the assets of the building society at the end of its last financial year before that time;

(*b*) make an investment in any manner specified in Part III of that Schedule unless at the time of the making of such investment—

(i) it holds investments of any kinds specified in Parts I and II of that Schedule amounting in value to not less than fifteen per cent. of the value of the assets of the building society at the end of its last financial year before that time, and

(ii) the value of the investments specified in Part I of that Schedule held by it amounts to not less than seven and one half per cent. of the value of the said assets.

4. The Building Societies (Authorised Investments) Order 1960(a), the Building Societies (Authorised Investments) (Amendment) Order 1961(b) and the Building Societies (Authorised Investments) (Amendment) Order 1962(c) are hereby revoked.

5. This Order may be cited as the Building Societies (Authorised Investments) Order 1962, and shall come into force on 1st October 1962.

Dated 17th September 1962.

Cecil Crabbe,
Chief Registrar of Friendly Societies.

We consent to this Order.

Dated 17th September 1962.

M. A. Hamilton,
Francis F. Pearson,
Two of the Lords Commissioners of Her Majesty's Treasury.

SCHEDULE

MANNER OF INVESTMENT

PART I

1. In Tax Reserve Certificates issued by the Treasury, Defence Bonds, Treasury Bills and Northern Ireland Treasury Bills.

2. In marketable fixed-interest securities of the following descriptions which will mature for repayment in not more than five years from the relevant date, that is to say—

(*a*) securities issued by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland;

(*b*) securities the repayment of the principal of which and the payment of interest on which is guaranteed by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland;

(*c*) securities issued in the United Kingdom by the Government of any overseas territory (as defined by the Overseas Service Act 1958(d)) within the Commonwealth, being securities registered in the United Kingdom;

(a) S.I. 1960/2091 (1960 I, p. 460). (b) S.I. 1961/1823 (1961 III, p. 3433).
(c) S.I 1962/865 (1962 I, p. 988). (d) 6 & 7 Eliz. 2. c. 14.

(*d*) securities issued in the United Kingdom the repayment of the principal of which and the payment of interest on which is guaranteed by the Government of any overseas territory (as defined by the Overseas Service Act 1958), within the Commonwealth, being securities registered in the United Kingdom;

(*e*) securities issued in the United Kingdom by any relevant authority, or public authority or nationalised industry or undertaking in the United Kingdom;

(*f*) securities issued in the United Kingdom by any river or water board in the United Kingdom;

(*g*) securities issued in the United Kingdom by the International Bank for Reconstruction and Development, being securities registered in the United Kingdom.

3. In loans to any relevant authority in the United Kingdom which are charged on all or any of the revenues of the authority, or on a fund into which all or any of its revenues are payable, and which are repayable—

(*a*) in not more than six months after the relevant date, or

(*b*) by notice to the authority requiring it to repay the loan, such notice being a notice which will expire in not more than six months from the giving thereof and which may be given at any time after the relevant date.

4. In deposits with any relevant authority in the United Kingdom by way of temporary loan—

(*a*) which is made on the giving of—

(i) a receipt for the loan by the Treasurer or other similar officer of the authority, and

(ii) an undertaking by the authority that, if requested to charge the loan on all or any of the revenues of the authority or on a fund into which all or any of its revenues are payable, it will either comply with the request or repay the loan, and

(*b*) which is repayable by notice to the authority requiring it to repay the loan, such notice being a notice which will expire in not more than seven days from the giving thereof and which may be given at any time—

(i) after the making of the loan or

(ii) after a period not exceeding twelve weeks from the making of the loan.

PART II

5. In marketable fixed-interest securities of the descriptions contained in sub-paragraphs (*a*) to (*g*) of paragraph 2 of Part I of this Schedule which will mature for repayment in more than five years but in not more than fifteen years from the relevant date.

6. In loans to any relevant authority in the United Kingdom which are charged on all or any of the revenues of the authority, or on a fund into which all or any of its revenues are payable, and which are repayable in more than six months but in not more than two years from the relevant date.

PART III

7. In marketable fixed-interest securities of the descriptions contained in sub-paragraphs (*a*) to (*g*) of paragraph 2 of Part I of this Schedule which will mature for repayment in more than fifteen years but in not more than twenty-five years from the relevant date.

8. In loans to any relevant authority in the United Kingdom which are charged on all or any of the revenues of the authority, or on a fund into which all or any of its revenues are payable, and which are repayable in more than two years but in not more than five years from the relevant date.

PART IV

Interpretation

9. The securities mentioned in Parts I to III of this Schedule do not include any securities where the holder is not entitled to require the repayment of the principal, and the payment of interest, in sterling.

10. In this Schedule—

"relevant authority" means any of the following authorities—

(*a*) any local authority in the United Kingdom;

(*b*) any authority all the members of which are appointed or elected by one or more local authorities in the United Kingdom;

(*c*) any authority the majority of the members of which are appointed or elected by one or more local authorities in the United Kingdom, being an authority which by virtue of any enactment has power to issue a precept to a local authority in England and Wales, or a requisition to a local authority in Scotland, or to the expenses of which, by virtue of any enactment, a local authority in the United Kingdom is or can be required to contribute;

(*d*) the Receiver for the Metropolitan Police District or a combined police authority (within the meaning of the Police Act 1946(a));

(*e*) the Belfast City and District Water Commissioners;

(*f*) the Great Ouse Water Authority;

"local authority" means any of the following authorities—

(*a*) in England and Wales, the council of a county, a county, metropolitan or other borough (including a borough which has been included in a rural district), an urban or rural district or a parish, the Common Council of the City of London and the Council of the Isles of Scilly;

(*b*) in Scotland, a local authority within the meaning of the Local Government (Scotland) Act 1947(b); or

(*c*) in Northern Ireland, the council of a county, a county or other borough, or an urban or rural district;

"marketable fixed-interest securities" means securities the price of which is quoted on a recognised stock exchange within the meaning of the Prevention of Fraud (Investments) Act 1958(c), or the Belfast Stock Exchange, and on which the rate of interest is fixed by the terms of their issue;

"relevant date", in relation to any security or loan in which an investment is at any time to be made, means the date on which that investment is to be made, and in relation to any security or loan held for the time being as an investment whose value is to be taken into account for the purposes of determining whether an investment specified in Part II or III of this Schedule may be made, the date on which that investment is to be made;

"river or water board" includes a river purification board, the Metropolitan Water Board, the Conservators of the River Thames, the Lee Conservancy Catchment Board and the Belfast City and District Water Commissioners;

"securities" includes stock, debentures, debenture stock and bonds;

"Treasury Bills" includes Exchequer Bills and other Bills issued by Her Majesty's Government in the United Kingdom.

11. For the purposes of this Schedule—

(*a*) the date on which any security will mature for repayment shall be the last or only date on which that security shall be repayable by or under its terms of issue;

(*b*) the date on which a loan will be repayable shall be the last or only date on which that loan shall be repayable by or under the terms of the making of the loan, except that if under the terms of any loan the lender may require its repayment at any date, the date shall be the earliest date on which repayment may so be required.

(a) 9 & 10 Geo. 6. c. 46. (b) 10 & 11 Geo. 6. c. 43. (c) 6 & 7 Eliz. 2. c. 45.

EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

This Order consolidates, with minor drafting amendments, the Orders specified in Article 4, and prescribes the manner in which building societies may invest such of their funds as are not immediately required for their purposes.