

SCHEDULES

SCHEDULE 16

Sections 93, 94 and 95.

MERGERS : SUPPLEMENTARY PROVISIONS

PART I

ISSUE OF STATEMENTS TO MEMBERS

- 1 (1) A building society which desires—
- (a) to amalgamate with one or more other building societies, or
 - (b) to transfer its engagements to another building society, or
 - (c) to undertake to fulfil the engagements of another building society,
- shall, unless the Commission, in the case of a society desirous of undertaking to fulfil another's engagements, has consented under section 94(5) to its proceeding by resolution of the board of directors, send to every member entitled to notice of a meeting of the society a statement concerning the matters specified in sub-paragraph (4) below.
- (2) A building society shall include the statement referred to in sub-paragraph (1) above in or with the notice to be sent to its members of the meeting of the society at which the resolutions required for the approval of the amalgamation or, as the case may be, the transfer are to be moved.
- (3) No statement shall be sent unless its contents, so far as they concern the matters specified in sub-paragraph (4) below, have been approved by the Commission.
- (4) Those matters are the following, namely—
- (a) the financial position of the building society and that of the other building society or societies participating in the amalgamation or transfer;
 - (b) the interest of the directors of the building society in the amalgamation or transfer of engagements ;
 - (c) the compensation or other consideration (if any) proposed to be paid to or in respect of the directors or other officers of the building society and of the other building society or societies participating in the amalgamation or transfer ;
 - (d) the payments (if any) to be made to members of the building society and of the other building society or societies participating in the amalgamation or transfer by way of a distribution of funds in consideration of the amalgamation or transfer;
 - (e) the changes (if any) to be made, in connection with the amalgamation or transfer of engagements, in the terms governing outstanding class 1 or class 2 advances made by the building society ;
 - (f) any other matter which the Commission requires in the case of the particular amalgamation or transfer of engagements.

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- (5) The statement shall be sent so that any member to whom the building society sends notice of the meeting at which the resolutions to approve the amalgamation or transfer are to be considered will receive the statement not later than he receives the notice.
- (6) Any expression used in this paragraph and in section 96 has the same meaning in this paragraph as in that section.

PART II

NOTIFICATION OF PROPOSALS FOR MERGER

Preliminary

2 In this Part of this Schedule—

" merger " means an amalgamation of building societies under section 93 or a transfer of all the engagements of one building society to another under section 94 ; and " merge " has a corresponding meaning ;

" merger proposal", in relation to a building society, means a proposal in writing, by another building society desiring to merge with it, for the societies to merge, with or without terms for the merger ; and " proposer " has a corresponding meaning ;

" merger resolutions ", in relation to a building society, means the resolutions required for the approval of a merger of the society with another building society under section 93(2) or 94(2);

" merger statement" means a statement containing the requisite particulars of a merger proposal; and

" requisite particulars ", in relation to a merger proposal, means the particulars required by paragraph 3(2) below to be given in a merger statement.

Duty to notify members

- 3 (1) Subject to sub-paragraph (3) below, it shall be the duty of a building society receiving a merger proposal to send, in accordance with this Part of this Schedule, a merger statement in respect of the proposal to every member entitled to notice of a meeting of the society.
- (2) A merger statement must contain the following particulars—
- (a) the fact that a merger proposal has been made, and
 - (b) the identity of the proposer ;
- with or without other particulars regarding the proposal.
- (3) Sub-paragraph (1) above does not require a merger statement to be sent to members if the proposer has requested in writing that the requisite particulars are to be treated as confidential; and, where such a request is made and is at a later date withdrawn in writing, the society receiving the proposal shall, for the purposes of this Part of this Schedule, treat the proposal as having been received on that date instead of any earlier date.

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- 4 (1) A building society shall include in or with every notice of its annual general meeting a merger statement with respect to any merger proposal, other than a proposal of which notice has already been given under this paragraph.—
- (a) received by it during the period of 12 months ending with the ninth month of the last financial year of the society before that meeting ; or
 - (b) treated by paragraph 3(3) above as having been received by it during the last three months of that financial year;
- and the society may also include, under this sub-paragraph, a merger statement with respect to any proposal received, or treated as received, by it after the end of either period.
- (2) In any case where merger resolutions are to be moved at any meeting of a building society, every notice of the meeting shall have included in or with it a merger statement with respect to any merger proposal, other than a proposal of which notice has already been given under this paragraph, received by it more than 42 days before the date of the meeting.

Duty to notify central office

- 5 (1) Where a building society sends a merger statement to its members under paragraph 4 above in connection with a meeting of the society, it shall send a copy of the statement to the central office at least 14 days before the date of the meeting.
- (2) The central office shall keep the copy of a merger statement received by it from a building society in the public file of that society

Penalty

- 6 If default is made by a building society in complying with paragraph 4(1), 4(2) or 5 above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale ; and so shall any officer who is also guilty of the offence.

PART III

CONFIRMATION BY COMMISSION : PROCEDURE

- 7 An application for confirmation by the Commission of an amalgamation or transfer of engagements shall be made in such manner as the Commission may prescribe.
- 8 (1) Where a building society applies to the Commission for confirmation of an amalgamation or transfer of engagements, the society shall publish notice of the application in any one or more of the London Gazette, the Edinburgh Gazette or the Belfast Gazette, as the Commission directs and, if it so directs, in one or more newspapers.
- (2) A notice published in pursuance of sub-paragraph (1) above shall—
- (a) state that any interested party has the right to make representations to the Commission with respect to the application ; and
 - (b) specify a date determined by the Commission before which any written representations or notice of a person's intention to make oral representations must be received by the Commission; and

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- (c) specify a date determined by the Commission as the day on which it intends to hear any oral representations.
- 9 (1) After the date specified in pursuance of paragraph 8(2)(b) above, the Commission shall—
 - (a) determine the time and place at which oral representations may be made;
 - (b) give notice of that determination to the building societies participating in the amalgamation or transfer and any persons who have given notice of their intention to make oral representations; and
 - (c) send copies of the written representations received by the Commission to the building societies participating in the amalgamation or transfer.
- (2) The Commission shall allow any building society participating in the amalgamation or transfer an opportunity to comment on the written representations, whether at a hearing or in writing before the expiration of such period as the Commission specifies in a notice to the society.