

**Annex 1**  
*Illustrative structure for a*  
**TRANSFER DOCUMENT**  
**containing a Transfer Statement**

Title page:

Should include a recommendation on the following lines:

“When considering what action you should take, you are recommended to obtain advice from your solicitor, accountant, or other professional financial adviser.”

and the directors’ responsibility statement (short form with cross reference to item B9)

**PART A**

**1. Summary of the Transfer procedure and Special General Meeting**

The Transfer procedure  
Notice of the SGM  
Directions to the SGM venue  
Guidance on entitlement to vote

**2. Background to, and rationale for, the proposals**

Merits of the proposed transfer  
Conclusions and Recommendations

**PART B: THE STATUTORY TRANSFER STATEMENT**

*Issued in accordance with Section 98 of and Schedule 17 to the Building Societies Act 1986*

**(Note:** If a Transfer Summary is issued it must include a statement that this Transfer Statement will be handed or sent to members forthwith free of charge and on request, and where and how it can be obtained.)

**3. Review of Options and Value of Consideration**

Introduction - to explain that under the proposed terms of the transfer the business of the society will be transferred to an authorised bank and that approval of the terms of the transfer will include, if such is the case, the distribution of part of the consideration for the transfer to non-members. Should also explain that the transfer is subject to approval by the members, authorisation by the Banking Regulator and confirmation by the Authority, and include a brief explanation of the termination provisions of the Transfer Agreement  
Factual statement of strategic options considered  
Disclosure of any non-confidential proposals received  
Reasons for choice and recommendation of proposed transfer

Reasons for choice and recommendation of terms of the proposed distribution scheme  
Valuation of the business and methodology (takeover only)  
Estimated value of shares in successor  
Analysis of distribution of shares and/or cash as between members, Trustee Account Holders and non-members respectively  
Statement that approval of the Transfer Resolution includes approval of distributions to non-members

**4. Consequences for shareholders, borrowers and employees**

The distribution of shares and/or cash in the successor company  
The amount of the society's reserves and Statutory Cash Bonus  
Any changes in the terms and conditions of share and deposit accounts, mortgages and loans  
Changes in the factors relevant to determining retail interest rates (product pricing)  
Comparative average interest rates on retail deposits and loans of the society and the successor company over the previous 3 financial years (takeover only)  
Loss of membership rights in the society  
The statutory deposit protection scheme (summary of any differences)  
Arrangements for settlement of disputes  
Consequences for staff, including changes in terms of employment

**5. Interests of directors and other officers of the society and successor company**

Directors and other officers of the society  
Directors and other officers of the company  
Interests of directors, officers and employees in the share and/or cash distribution and the Statutory Cash Bonus  
Any compensation or increased emoluments under Sections 99 and 99A of the 1986 Act

**6. The management, activities and operations of the successor company following the transfer**

Management  
Activities and operations, including a comparison of their range and relative importance with those of the society and any intended change, together with, in the case of a takeover, comparative business indicators of the society and the successor company for each of the previous 3 financial years  
Structure and activities of any group to which the company belongs  
Ownership of the society's subsidiaries and interests in other associated bodies  
Particulars of any person having an interest in 3% or more of the successor company's equity share capital.  
Name, head office and principal objects of the company  
The protective provisions in the articles of association in accordance with Section 101 of the 1986 Act (conversion only)  
The auditors of the society and of the company

**7. Financial information**

The consolidated financial position of the society and its subsidiaries at the most recent practicable date, and the Society's reserves at that date and the main features of the published annual group accounts for the last 3 years

In the case of a takeover, the consolidated financial position of the successor company/group at the most recent practicable date and the main features of the published annual group accounts for the last 3 years

The share capital of the successor company

Future financial prospects of the successor company

**8. General information**

Summary of the terms of the Transfer Agreement concerning conditions precedent and termination

Summary of principal rights which will attach to the ordinary shares in the successor company

Costs and expenses of the transfer (including the fee arrangements for merchant bankers)

Whether the transfer will conflict with any contractual arrangements

**9. Opinions, reports and consent letters of auditors and other experts**

Auditors' opinions

Other experts' opinions

Consent letters

Director's Responsibility Statement

**10. Banking Regulator authorisation**

## **11. Statement of statutory approval by the Prudential Regulation Authority**

### **STATEMENT OF STATUTORY APPROVAL BY THE PRUDENTIAL REGULATION AUTHORITY**

#### **Building Societies Act 1986**

(c.53)

*Approval by the Prudential Regulation Authority of the Transfer Statement of [ ] Building Society.*

The Prudential Regulation Authority (“the PRA”) in exercise of the power conferred on the PRA by paragraph 4(3) of Schedule 17 to the Building Societies Act 1986 (“the 1986 Act”) and considering that the Transfer Statement of [ ] Building Society (“the Society”) is in conformity with the applicable provisions of the 1986 Act and the Building Societies (Transfer of Business) Regulations 1998 (SI 1998 No. 212) and appears to be factually consistent with the information provided to the PRA by the Society in connection with the Transfer Statement, which information includes the declarations of responsibility by the directors of the Society and of [ ] -

HEREBY APPROVES the above Transfer Statement so far as its contents concern the matters required to be approved by the said Schedule.

In this approval expressions used in the 1986 Act have the meanings which they bear in the 1986 Act and “the Transfer Statement” means the statement by the Society a draft of which is initialled for the purpose of identification “[ ]”.

[date ]

[Name ]

*For and on behalf of the PRA*

Notes:

This approval does not extend to any matters not forming part of the Transfer Statement as required by the 1986 Act and the Regulations, whether or not such matters are the subject of cross-reference in the statement as so required.

The giving of this approval is without prejudice to any issues which the PRA may have to consider on an application by the Society for confirmation of the transfer pursuant to Section 98 of the 1986 Act.

Under paragraph 4(3) of Schedule 17 to the 1986 Act, approval is given by the “Prudential Regulator”. In practice all such approvals are given by the Prudential Regulation Authority, as reflected in the wording of this section.

## **PART C: ADDITIONAL INFORMATION**

- 12. Definitions**
- 13. List of share accounts of the society**
- 14. Documents available for inspection**
- 15. Accountants' report on the successor company**
- 16. Statutory statement for the last financial year**
- 17. Other**