



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



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

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.



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

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

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