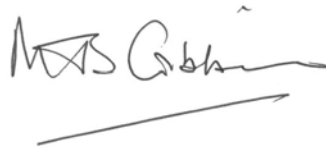
 <b>Regulatory Policy Committee</b>	<b>Validation of the One-in, Two-out Status and the Net Direct Impact on Business</b>
<b>Validation Impact Assessment (IA)</b>	Amendments to the Building Societies Act 1986, currently set out in Schedule 9 to the Financial Services (Banking Reform) Bill 2013
<b>Lead Department/Agency</b>	HM Treasury
<b>IA Number</b>	Not provided
<b>Origin</b>	Domestic
<b>Expected date of implementation (and SNR number)</b>	SNR 7
<b>Date of Regulatory Triage Confirmation</b>	27/06/2013
<b>Date submitted to RPC</b>	21/01/2014
<b>Date of RPC Validation</b>	04/02/2014
<b>RPC reference</b>	RPC13-FT-HMT-1816(2)
<b>Departmental Assessment</b>	
<b>One-in, Two-out status</b>	OUT
<b>Estimate of the Equivalent Annual Net Cost to Business (EANCB)</b>	-£4.0 million
<b>RPC assessment</b>	<b>VALIDATED</b>
<b>Background (extracts from IA)</b>	
<b>What is the problem under consideration? Why is government intervention necessary?</b>	
<p><i>As part of the Independent Commission on Banking process, the Government considered whether the building society sector would benefit from any legislative changes to the Building Societies Act 1986. It issued a consultation on this in June 2012, and decided that the sector had made a case for seven legislative changes as being necessary to modernise legislation and help societies to compete on a level-playing field with banks, while preserving their traditional and distinctive business model.</i></p>	
<b>What are the policy objectives and the intended effects?</b>	
<p><i>The amendments, currently in Schedule 9 to the Banking Reform Bill, will modernise certain outdated parts of the Building Societies Act 1986, and help the building society sector to compete on a level playing field with banks. The amendments will create cost savings for societies and make certain parts of their day-to-day operations more straightforward. For example, the changes will make it easier for societies to communicate with members electronically rather than on paper.</i></p>	
<b>RPC comments</b>	
<p>The policy proposal involves seven deregulatory changes to the Building Societies Act 1986. The largest cost saving relates to allowing building societies to use electronic communications as their default method of</p>	

providing documents to members, rather than paper. Based upon information from building societies, it is estimated that an additional 70 per cent of building society members (8.4 million) will receive communication about Annual General Meetings (AGM) electronically rather than in hard copy. At an estimated saving of £0.35 per AGM pack, this results in a cost saving of around £3 million each year.

The Validation IA addresses the comments made in the Regulatory Triage Confirmation of 27 June 2013. The Department has reduced the estimated cost saving by £0.3 million following comments by the RPC on the price and discount base years used.

**Signed**

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line extending to the right below the signature.

**Michael Gibbons, Chairman**