

FRC: UK

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The Building Societies Association (BSA) represents all 42 building societies, as well as 7 larger credit unions. Building societies serve almost 26 million consumers across the UK and have total assets of over £500 billion. Together with their subsidiaries, they have helped over 3.6 million families and individuals to buy a home with

## Key points

- x Building societies are customer-owned financial institutions and are required by the PRA to have regard to the Code in establishing or reviewing their own corporate governance arrangements.
- x The proposed changes to the Code are more suited to large corporate entities with institutional investors and are therefore disproportionate/inappropriate for smaller mutual organisations.
- x Certain reporting proposals should only apply to 750:750 companies and not all Code companies (including potentially building societies).
- x 'Comply or explain' principle does not reflect the pressure on building societies and other small Code companies to comply with requirements regardless of how disproportionate or inappropriate they are for the size and type of organisation.
- x While a number of concerns could be address through subsequent industry guidance on the Code, we would prefer they were addressed before any Code changes are finalised.

## Background: Building Societies and the UK Corporate Governance Code

Building societies are customer-owned financial institutions based across the UK in local communities. Borrowers and savers automatically become a member of their society when they take out a mortgage or opeef thil64.70 (a)63(t)-2.3d1 0 0 1ow(cr-)14.60.30 (h)1n.10 ()1.20 (-)6i



While we recognise that we have the opportunity to address some of the issues specific to building societies via our guidance on the Code, our members may still feel pressure to comply with new Code requirements which are of little benefit to their customers. It would be better to address the issues in the final Code rather than rely on subsequent industry guidance. In particular, we feel that a number of concerns would be addressed if the proposals only applied to 750:750 companies, as the Government intended, and not all Code companies.

We look forward to liaising with the FRC in the near future.

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