

THE BUILDING SOCIETIES (AMENDMENT) ACT, 1987

No. 13 of 1987

Date of Assent: 30th July, 1987

Date of Commencement: 7th August, 1987

An Act of Parliament to amend the law relating to building societies and for connected purposes

ENACTED by the Parliament of Kenya as follows:—

1. This Act may be cited as the Building Societies (Amendment) Act, 1987.

Short title.

2. The Building Societies Act, in this Act called the principal Act, is amended in section 2 by deleting the definition of "building society" and inserting the following new definition—

Amendment of definition of "building society" in section 2 of Cap. 489.

"building society" means a society formed for the purpose of raising by the subscription of members a stock or fund from which to make advances to members secured on land and registered in accordance with this Act.

3. Section 6 of the Building Societies Act is amended by inserting the following subsection (5) immediately after subsection (4)—

Amendment of section 6 of Cap. 489.

(5) Subject to this Act, no building society shall be registered unless the persons forming the building society under subsection (1) have raised by subscription a minimum of five million shillings in shares and no building society shall carry on business in Kenya if that minimum subscription is not maintained.

4. The principal Act is amended by repealing section 12B and inserting the following new section—

Replacement of section 12B of Cap. 489.

Issue of annual licence.

12B. (1) Notwithstanding any other provision of this Act, where a building society is registered under this Act, an application by the building society for an annual licence to carry on business as a building society shall be made to the Minister for the time being responsible for finance, through

the Central Bank, on such form as may be prescribed and with payment of the annual licence fee specified in Schedule 1.

(2) The Minister for the time being responsible for finance may, subject to such conditions as he may consider necessary, issue an annual licence to a building society in such form as may be prescribed.

(3) In considering an application for an annual licence the Minister for the time being responsible for finance may require to be satisfied as to the financial condition and history of the building society, the character of its management including the integrity and qualifications of its directors, the adequacy of its capital and prospects of continued existence and that the public interest will be served by the licensing of the building society.

(4) An annual licence issued under subsection (2) shall remain in force until the 31st December in the year in which it is issued but may be renewed from year to year on payment of a further annual licence fee.

(5) The Minister for the time being responsible for finance may at any time endorse any conditions on an annual licence or suspend or vary or revoke the licence if in his opinion it is expedient to do so.

Amendment of section 12D of Cap. 489.

5. Section 12D (2) of the principal Act is amended by deleting the expression "the Registrar" and inserting the expression "the Minister for the time being responsible for finance".

Amendment of section 15 of Cap. 489.

6. Section 15 of the principal Act is amended by inserting after the words "one or more auditors" the expression "appointed in accordance with the rules of the building society and approved by the Central Bank of Kenya".

Insertion of section 18A in Cap. 489.

7. The principal Act is amended by inserting the following new section immediately after section 18—

Disqualifi-
cation of
officers.

18A. (1) Notwithstanding any other provisions of this Act or the rules of a building society, a

person who is an officer of a building society shall cease to hold office if he—

- (a) becomes bankrupt or suspends payment or compounds with his creditors; or
- (b) is convicted of an offence involving dishonesty or fraud or is directly or indirectly connected with a building society which has been dissolved in terms of section 64 or 70.

(2) Any person who continues to act as an officer of a building society after he has been disqualified by virtue of this section shall be guilty of an offence and liable to a fine not exceeding fifty thousand shillings or to imprisonment for a term not exceeding two years or to both.

8. Section 23 of the principal Act is amended by inserting new subsection (1A) as follows—

Amendment of section 23 of Cap. 489.

(1A) Notwithstanding subsection (1) a building society may at a general meeting resolve to acquire and hold land and may acquire and hold land for the purposes of developing residential houses for its members in accordance with the rules of the building society.

9. The principal Act is amended by repealing section 63A and inserting the following—

Replacement of section 63A of Cap. 489.

Inspection
by Central
Bank.

63A. Notwithstanding the powers vested in the Registrar by this Act, the Central Bank or any person authorized by the Central Bank in writing may, and if so directed by the Minister for the time being responsible for finance shall, cause an inspection to be made of a building society and where such an inspection is made the building society shall furnish all books, accounts, documents, or information to the Central Bank or any person authorized by the Central Bank.