



# Friendly Societies Act 1992

## 1992 CHAPTER 40

An Act to make further provision for friendly societies; to provide for the cessation of registration under the Friendly Societies Act 1974; to make provision about disputes involving friendly societies or other bodies registered under the Friendly Societies Act 1974 and about the functions of the Chief Registrar of friendly societies; and for connected purposes. [16th March 1992]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### Modifications etc. (not altering text)

- C1 Act: functions transferred (18.11.1998) by S.I. 1998/2842, art. 2, Sch. Pt. II para. 65
- C2 Power to amend conferred (E.W.S.) (7.2.1994) by 1993 c. 48, s.162, (with s. 6(8), 164); S.I. 1994/86, art. 2
- C3 Act: power to amend conferred (24.1.2013) by Financial Services Act 2012 (c. 21), ss. 50(2)(i), 122(3) (with Sch. 20); S.I. 2013/113, art. 2(1)(a), Sch. Pt. 1

### [<sup>F1</sup>PART I

#### FUNCTIONS OF THE [<sup>F2</sup>FINANCIAL CONDUCT AUTHORITY AND THE PRUDENTIAL REGULATION AUTHORITY]

### Textual Amendments

- F1 Pt. 1 (s. 1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for Pt. 1 (ss. 1-4) by S.I. 2001/2617, arts. 2, 8(1), 13(1), Sch. 3 Pt. 1 para. 54 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F2 Words in Pt. 1 heading substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 2 (with Sch. 12)

*Status: Point in time view as at 29/06/2017.*

*Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**F11 [F3] Functions of the Financial Conduct Authority and the Prudential Regulation Authority in relation to friendly societies]**

- (1) The [F4] Financial Conduct Authority (“the FCA”) has the following functions under this Act and the 1974 Act in relation to friendly societies—
- (a) to secure that the purposes of each friendly society are in conformity with this Act and any other enactment regulating the purposes of friendly societies;
  - (b) to administer the system of regulation of the activities of friendly societies provided for by or under this Act and the 1974 Act; and
  - (c) to advise and make recommendations to the Treasury and other government departments on any matter relating to friendly societies.

[ The function in subsection (1)(c) is also a function of the Prudential Regulation Authority (“the PRA”).]

- (2) The [F6] FCA and the PRA also have], in relation to such societies, the other functions conferred on [F7] them respectively] by or under this Act or any other enactment.

**Textual Amendments**

- F3** S. 1 heading substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 3\(5\)](#) (with Sch. 12)
- F4** Words in s. 1(1) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 3\(2\)](#) (with Sch. 12)
- F5** S. 1(1A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 3\(3\)](#) (with Sch. 12)
- F6** Words in s. 1(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 3\(4\)\(a\)](#) (with Sch. 12)
- F7** Words in s. 1(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 3\(4\)\(b\)](#) (with Sch. 12)

**PART II**

INCORPORATED FRIENDLY SOCIETIES

*Constitution and purposes of incorporated friendly societies*

**5 Establishment of incorporated friendly societies.**

- (1) This Part of this Act has effect—
- (a) to enable societies to be established in accordance with this Act and to be registered and incorporated under it; and
  - (b) to enable friendly societies registered under the 1974 Act to be registered and incorporated under this Act.
- (2) A society may be established under this Act if under its proposed memorandum—

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- (a) its purposes are to include the carrying on of one or more activities falling within Head A, B, C or D of Schedule 2 to this Act;
  - (b) any such activity—
    - (i) is to be carried on by the society with a view to the provision, for its members and such persons connected with its members as may be prescribed in its rules, of insurance or other benefits; and
    - (ii) is to be funded by voluntary subscriptions from members of the society, with or without donations; and
  - (c) any other purposes which it is to have are within the permitted capacity of incorporated friendly societies under this Act.
- (3) A society established under this Act is incorporated as from the date of its registration under this Act by the [F<sup>8</sup>FCA].
- (4) The [F<sup>9</sup>Treasury may by order] vary Schedule 2 to this Act by adding to or deleting, or by varying the description of, any activity for the time being specified in it.
- (5) No such order shall be made unless a draft of the order has been laid before and approved by a resolution of each House of Parliament.
- (6) Schedule 3 to this Act shall have effect in relation to—
  - (a) the procedure for registration of societies as societies incorporated under this Act (in this Act referred to as “incorporated friendly societies”);
  - (b) the memorandum of the purposes and extent of the powers of, and the rules for the regulation of, such societies,
  - (c) the name and registered office of such societies,and certain incidents of membership of incorporated friendly societies.
- (7) In this Part of this Act references to the permitted capacity of incorporated friendly societies under this Act are to the capacity to carry on all the activities mentioned in section 7(2) below.

#### Textual Amendments

- F8** Word in s. 5(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 4](#) (with Sch. 12)
- F9** Words in s. 5(4) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 Pt. 1](#), para. 55(b) (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), [art. 2\(1\)](#)

#### Modifications etc. (not altering text)

- C4** [S. 5\(4\)](#): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by [S.I. 2001/2617](#), arts. 2(b), 4(1), [Sch. 1 Pt. II](#); [S.I. 2001/3538](#), [art. 2\(1\)](#)

## 6 Incorporation of registered friendly societies.

- (1) A registered friendly society may be registered and incorporated under this Act if—
  - (a) the conditions mentioned in section 5(2) above are satisfied by reference to the society’s proposed memorandum; and
  - (b) the society complies with the requirements in Schedule 3 to this Act which are applicable to its registration under this Act;

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- and such a society is so incorporated as from the date of its registration by the [F10FCA].
- (2) On the incorporation of a registered friendly society all property held immediately before incorporation by any person in trust for the society shall become by virtue of this subsection the property of the society after incorporation.
  - (3) After its incorporation the society shall continue to be entitled to all rights and subject to all liabilities to which it was entitled or subject immediately before incorporation.
  - (4) On the incorporation of a registered society with registered or unregistered branches—
    - (a) all property held immediately before incorporation by any person in trust for any branch of the society, and
    - (b) all rights and liabilities to which any such branch was then entitled or subject, shall, subject to subsection (5) below, become by virtue of this subsection property, rights and liabilities of the society.
  - (5) A registered friendly society may (in accordance with paragraph 2 of Schedule 4 to this Act) make a scheme identifying any property, rights or liabilities of any branch of the society which are not to be transferred to the society on its incorporation; and any such property, rights or liabilities shall be excluded from transfer under subsection (4) above.
  - (6) On the incorporation of a registered friendly society, its registration under the 1974 Act and that of any registered branch of the society shall be cancelled by the [F10FCA].
  - (7) Schedule 4 to this Act shall have effect for supplementing this section.

#### Textual Amendments

- F10** Word in s. 6 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 5](#) (with Sch. 12)

## 7 Purposes and powers of an incorporated friendly society.

- (1) The purposes of an incorporated friendly society shall be those provided for by the society's memorandum.
- (2) The purposes for which an incorporated friendly society may exist are—
  - (a) the carrying on, subject to section 5(2)(b) above, of—
    - (i) any business of any description falling within a class specified in Head A or B or within Head C of Schedule 2 to this Act, or
    - (ii) any activity falling within Head D of that Schedule; and
  - (b) the carrying on, in addition to any business or activity falling within paragraph (a) above, of any of the following, namely—
    - (i) social or benevolent activities in accordance with section 10 below;
    - (ii) group insurance business in accordance with section 11 below;
    - (iii) reinsurance, in accordance with section 12 below, of risks insured by other friendly societies;
    - (iv) control or joint control of bodies corporate in accordance with section 13 below;

and the memorandum of an incorporated friendly society may also confer on the society power to do anything falling within Schedule 5 to this Act.

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- (3) The memorandum of an incorporated friendly society may confer on it any other power specified in this Part of this Act, but no such power may be exercised except for carrying out the society's purposes.
- (4) An incorporated friendly society shall, subject to the provisions of this Act, its memorandum and its rules, have any other power which is incidental or conducive to the carrying out of its purposes or for doing anything falling within Schedule 5 to this Act.
- (5) Nothing in this Act shall be taken as preventing an incorporated friendly society from providing in its rules—
  - (a) for such system of representation of the members in the making of decisions by the society as the society may think fit;
  - (b) for the division of the society's members into groups under the control of the society and bound to contribute to the funds of the society but, subject to that, having funds and property of their own vested in trustees and administered by themselves or through their own trustees, officers or committees (and in accordance with their own rules);
  - (c) for the delegation of authority to any such group (or to its committee or any of its officers) to act, within such limits as the society may set, on the society's behalf;but no such group may do anything on its own account which does not fall <sup>F11</sup>within section 10 below or] within Head D of Schedule 2 or within Schedule 5 to this Act.
- (6) Schedule 6 to this Act shall have effect in relation to the making of contracts and execution of documents by incorporated friendly societies.

#### Textual Amendments

**F11** Words in s. 7(5) inserted (1.8.1996) by S.I. 1996/1188 art. 3

## 8 Effect of the memorandum of an incorporated society.

- (1) The provisions of the memorandum of an incorporated friendly society are binding upon—
  - (a) each of the members and officers of the society,
  - (b) all persons claiming on account of a member or under its rules,and all such members, officers and persons (but no others) shall be taken to have notice of the provisions of the memorandum.
- (2) A person not of a description mentioned in subsection (1)(a) or (b) above who is a party to a transaction with an incorporated friendly society which is within the permitted capacity of such societies under this Act is not bound to enquire as to whether the transaction is within the capacity of the society in question.
- (3) Subsection (4) below applies to any act of an incorporated society which is within the permitted capacity of such societies under this Act but is beyond the capacity of the society in question.
- (4) In favour of a person who—
  - (a) is not a person mentioned in subsection (1) above;

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- (b) gives valuable consideration for the act; and
  - (c) does not know that the act is beyond the capacity of the society,
- any act to which this subsection applies is deemed to be one which is within the capacity of the society to enter into, notwithstanding the provisions of the memorandum.
- (5) Where an incorporated friendly society purports to transfer or grant an interest in property, the fact that the act was beyond the capacity of the society does not affect the title of a person who in good faith subsequently acquires the property or an interest in it for valuable consideration and without actual notice of the circumstances affecting the validity of the society's act.
- (6) Subsection (4) above does not affect—
- (a) the right of a member of an incorporated friendly society to bring proceedings to restrain the doing of an act (other than an act done in fulfilment of a legal obligation arising from a previous act of the society) which is beyond the capacity of the society;
  - (b) the duty of the committee of management to observe any limitation on their powers flowing from the society's memorandum; or
  - (c) any liability incurred by any person by reason of the society acting beyond its capacity.
- (7) Relief from any liability mentioned in subsection (6)(c) above must be agreed to by special resolution.
- (8) In any proceedings arising out of subsection (4) above, the burden of proving that a person knew that an act was beyond the capacity of the society in question lies on the person making the allegation.
- (9) In this section "transaction" includes any act.

## **9 Effect of the rules of an incorporated society.**

- (1) The provisions of the rules of an incorporated friendly society are binding upon—
- (a) each of the members and officers of the society,
  - (b) all persons claiming on account of a member or under its rules,
- and all such members, officers and persons (but no others) shall be taken to have notice of the provisions of the rules.
- (2) A party to a transaction with an incorporated friendly society who is not of a description mentioned in subsection (1)(a) or (b) above is not bound to enquire as to any limitation on the powers of the committee of management to bind the society.
- (3) Subsection (4) below applies in relation to any act of an incorporated friendly society which is, or is deemed by section 8(4) above to be, within the capacity of the society and is decided upon by the committee of management acting beyond their powers under the constitution of the society.
- (4) In favour of a person who—
- (a) is not a person mentioned in subsection (1) above;
  - (b) gives valuable consideration for an act to which this subsection applies; and
  - (c) does not know that the act is beyond the powers of the committee of management;

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the power of the committee of management to bind the society shall be deemed free of any limitation in the society's constitution.

- (5) Where an incorporated friendly society purports to transfer or grant an interest in property, the fact that the committee of management acted beyond their powers under the society's constitution does not affect the title of a person who in good faith subsequently acquires the property or an interest in it for valuable consideration and without actual notice of the circumstances (if any) affecting the validity of the society's act.
- (6) Subsection (4) above does not affect—
  - (a) the right of a member of an incorporated friendly society to bring proceedings to restrain the doing of an act (other than an act done in fulfilment of a legal obligation arising from a previous act of the society) which is beyond the powers of the committee of management;
  - (b) the duty of the committee of management to act within their powers under the constitution of the society;
  - (c) any liability incurred by any person by reason of the committee of management exceeding their powers.
- (7) Action by the committee of management of an incorporated friendly society which is beyond their powers under the society's constitution but is within its capacity may be ratified by the society in general meeting in such manner as its rules may provide; but relief from any liability mentioned in subsection (6)(c) above must be agreed to by special resolution separate from any resolution ratifying the committee's action.
- (8) In this section—
  - (a) references to limitations on the committee's powers under the constitution of the society include limitations deriving from a resolution of the society in general meeting or any agreement between the members of the society; and
  - (b) "transaction" includes any act.
- (9) In any proceedings arising out of subsection (4) above, the burden of proving that a person knew that an act was beyond the powers of the committee of management lies on the person making the allegation.
- (10) This section shall not affect the application, in relation to an incorporated friendly society, of any rule of law relating to the validity of acts which are within the capacity of a body corporate but may have been affected by defects arising from its internal management under its constitution.

## **10 Social and benevolent activities.**

- (1) An incorporated friendly society may include among its purposes the carrying on of any social or benevolent activity which is not inconsistent with the other purposes of the society.
- (2) For the purposes of this section "benevolent activity" means the making of donations, the raising of funds or any other activity carried on for a charitable purpose or for any other benevolent purpose.

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## 11 Group insurance.

- (1) An incorporated friendly society may include among its purposes the carrying on of any group insurance business.
- (2) In this Act “group insurance business” means business (carried on in accordance with the society’s rules) which—
  - (a) is of a description falling within Head A, or class 2 of Head B, of Schedule 2 to this Act; and
  - (b) is carried on as the business of providing benefits, in pursuance of a contract with a qualifying person, for or in respect of the members of a group scheme.
- (3) For the purposes of this section—
 

“group scheme” means a scheme or other arrangement under which benefits are to be provided for or in respect of persons who are members of the scheme and who qualify for membership by virtue of—

  - (a) being employees of a particular employer, or
  - (b) being members of some other group of persons of a description prescribed in regulations under subsection (7) below;

“qualifying person” means a person who has established or is otherwise responsible for the operation of a group scheme or a trustee of such a scheme; and

“member”, in relation to a group scheme, includes any person for or in respect of whom benefits are to be provided under the scheme, whatever the terms in which such persons are described in the scheme.
- (3) Group insurance business may be carried on by an incorporated friendly society whether or not members of the group scheme are, or are required by the society to be, members of the society.
- (4) Where an incorporated friendly society carries on any group insurance business and the rules of the society so provide, any qualifying person with whom the society contracts (or his nominee) may be accorded the rights of a member of the society (including any right to vote) for the purpose of participating in the affairs of the society in the interests of the members of the group scheme with which he is concerned.
- (5) A person who is accorded the rights of a member of a society by virtue of subsection (4) above shall, for the purposes of any power conferred on the [<sup>F12</sup>FCA or the PRA] by this Act which is exercisable in the interests of members of the society, be treated as if he were a member of the society.
- (6) The rules of an incorporated friendly society may not prevent a person from being a member of the society in his private capacity by reason only of the fact that he has been accorded the rights of a member by virtue of subsection (4) above.
- (7) The [<sup>F13</sup>Treasury] may make regulations specifying the manner in which group insurance business may be carried on by incorporated friendly societies; and such regulations may in particular include limitations or requirements relating to—
  - (a) the contracts in pursuance of which group insurance business may be carried on; or
  - (b) the persons with whom, or the groups of persons for whose benefit, such contracts may be made.



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### Textual Amendments

- F12** Words in s. 11(5) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 6](#) (with [Sch. 12](#))
- F13** Words in s. 11(7) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 Pt. 1 para. 57\(b\)](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)

### Modifications etc. (not altering text)

- C5** [S. 11\(7\)](#): Functions of Friendly Societies Commission transferred (1.12.2001) to the Treasury by [S.I. 2001/2617](#), arts. 2(b), 4(1), [Sch. 1 Pt. II](#) (with [art. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)

## 12 Reinsurance.

- (1) An incorporated friendly society may include among its purposes the carrying on of any reinsurance business to which subsection (2) below applies to such extent or in such circumstances as may from time to time be approved by the appropriate actuary.
- (2) This subsection applies to business consisting of the effecting and carrying out of contracts of reinsurance of risks which—
  - (a) are insured or to be insured by any other friendly society (whether incorporated or not); and
  - (b) are of a class or part of a class of insurance business which the society carrying on the reinsurance business itself carries on.
- (3) An incorporated friendly society which carries on any insurance business may provide in its rules for the reinsurance to such extent as may from time to time be approved by the appropriate actuary of any risks against which persons are or are to be insured by the society.

## 13 Control of subsidiaries and other bodies corporate.

- (1) Subject to the following provisions of this section, an incorporated friendly society may include among its purposes any of the following activities—
  - (a) forming subsidiaries;
  - (b) taking part with others in forming bodies corporate to be jointly controlled by it;
  - (c) otherwise acquiring, or keeping, control or joint control of bodies corporate.
- (2) <sup>F14</sup> .....
- (3) <sup>F14</sup> .....
- (4) <sup>F14</sup> .....
- (5) <sup>F14</sup> .....
- (6) Any alteration of the memorandum of an incorporated friendly society to include among its purposes and powers the carrying on of any activity such as is mentioned in subsection (1) above must be adopted by a special resolution of the society in general meeting; and any amendment of a provision in its memorandum which permits it to do so must also be so adopted.

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- (7) A registered friendly society may not include in a memorandum adopted for the purposes of paragraph 2(1)(c) of Schedule 3 to this Act any provision enabling it on incorporation to carry on any activity such as is mentioned in subsection (1) above unless its inclusion has been authorised by a special resolution of the society in general meeting.
- (8) <sup>F15</sup> .....
- (9) For the purposes of this Act—
- (a) an incorporated friendly society has control of a body corporate if the society—
- (i) holds a majority of the voting rights in it; or
- (ii) is a member of it and has the right to appoint or remove a majority of its board of directors; or
- (iii) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it;
- [<sup>F16</sup>(aa) an incorporated friendly society also has control of a body corporate if the body corporate is itself a body controlled in one of the ways mentioned in paragraph (a)(i), (ii) or (iii) by a body corporate of which the society has control;]
- (b) a body corporate is a subsidiary of an incorporated friendly society if the society has control of it.
- (c) an incorporated friendly society has joint control of a body corporate if, in pursuance of an agreement or other arrangement between them, the society and another person—
- (i) hold a majority of the voting rights in that body; or
- (ii) are members of it and together have the right to appoint or remove a majority of its board of directors; or
- (iii) are members of it and alone control, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it;
- [<sup>F17</sup>(cc) an incorporated friendly society also has joint control of a body corporate if—
- (i) a subsidiary of the society has joint control of the body corporate in a way mentioned in paragraph (c)(i), (ii) or (iii);
- (ii) a body corporate of which the society has joint control has joint control of the body corporate in such a way; or
- (iii) the body corporate is controlled in a way mentioned in paragraph (a)(i), (ii) or (iii) by a body corporate of which the society has joint control;]
- (d) a body corporate is a body jointly controlled by an incorporated friendly society if the society has joint control of it;
- and a society acquires joint control whenever any of the conditions mentioned in paragraph (c) [<sup>F18</sup>or (cc)] above are satisfied with respect to a body corporate, notwithstanding that it may already be a subsidiary of the society.
- (10) Schedule 8 to this Act shall have effect for supplementing this section.
- (11) <sup>F15</sup> .....

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### Textual Amendments

- F14** S. 13(2)(3)(4)(5) repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 10(1), **Sch. 22**; S.I. 2001/3538, **art. 2(1)**
- F15** S. 13(8)(11) repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 10(2) (a), **Sch. 22**; S.I. 2001/3538, **art. 2(1)**
- F16** S. 13(9)(aa) inserted (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), **Sch. 18 para. 11**; S.I. 2001/3538, **art. 2(1)**
- F17** S. 13(9)(cc) inserted (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), **Sch. 18 para. 12**; S.I. 2001/3538, **art. 2(1)**
- F18** Words in s. 13(9) inserted (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), **Sch. 18 para. 13**; S.I. 2001/3538, **art. 2(1)**

### *Powers of incorporated friendly societies*

## 14 Investment of funds.

- (1) An incorporated friendly society may invest its funds—
  - (a) in the purchase of land, or in the erection of offices or other buildings thereon;
  - (b) upon any other security expressly directed by the rules of the society, other than personal security (but without prejudice to any provision of this Act relating to loans); or
  - (c) in any other investment of a kind which trustees are for the time being by law authorised to make.
- (2) An incorporated friendly society which falls within subsection (3) <sup>F19</sup> . . . below may also invest the funds of the society in any other manner authorised by its constitution.
- (3) An incorporated friendly society falls within this subsection if—
  - (a) it is a society to which [<sup>F20</sup>rules in respect of margins of solvency, made by the [<sup>F21</sup>appropriate authority under Part 9A] of the Financial Services and Markets Act 2000, apply] and
  - (b) it maintains the margin of solvency which it is required to maintain by virtue of [<sup>F22</sup>such rules].

<sup>F23</sup>(4) . . . . .

- (5) Once a society falls within subsection (3) <sup>F19</sup> . . . above, it shall be treated as continuing to do so for the purposes of subsection (2) above unless the [<sup>F24</sup>appropriate authority] serves a notice under subsection (6) below on it.
- (6) Where it appears to the [<sup>F25</sup>appropriate authority] that an incorporated friendly society has ceased to fall within subsection (3) <sup>F19</sup> . . . above, it shall serve on the society a notice stating that fact.
- (7) The powers of investment of a society on which a notice is served under subsection (6) above shall accordingly, until the notice is revoked under subsection (10) below, be limited to investment falling within subsection (1) above.
- (8) A notice under subsection (6) above may direct a society to dispose of an investment which it could not have acquired except under subsection (2) above.

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- (9) Subject to subsection (8) above, a society may retain any investment which it could only have acquired under subsection (2) above.
- (10) The [<sup>F26</sup>appropriate authority] may, by a subsequent notice to the society, revoke a notice under this section at any time when it appears to it that the society again falls within subsection (3) <sup>F19</sup> . . . above.
- [<sup>F27</sup>(10A) The PRA must send to the FCA a copy of any notice it serves under subsection (6) or (10).]
- <sup>F28</sup>(11) . . . . .
- (12) The [<sup>F29</sup>FCA] shall keep a copy of [<sup>F30</sup>any notice served on a society under subsection (6) or (10) above] in the public file of the society.

#### Textual Amendments

- F19** Words in s. 14 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F20** Words in s. 14(3)(a) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, **arts. 2, 13(1)** Sch. 3 Pt. 1 para. 58(b) (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F21** Words in s. 14(3)(a) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 7(2)** (with Sch. 12)
- F22** Words in s. 14(3)(b) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 58(c)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F23** S. 14(4) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F24** Words in s. 14(5) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 7(3)** (with Sch. 12)
- F25** Words in s. 14(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 7(3)** (with Sch. 12)
- F26** Words in s. 14(10) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 7(3)** (with Sch. 12)
- F27** S. 14(10A) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 7(4)** (with Sch. 12)
- F28** S. 14(11) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F29** Word in s. 14(12) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 7(5)** (with Sch. 12)
- F30** Words in s. 14(12) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 Pt. 1 para 58(g)(i)(ii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

## 15 Holding of land for purposes other than investment.

An incorporated friendly society may acquire and hold land—

- (a) for the purpose of carrying on any of its activities; or
- (b) for the purpose of enabling a subsidiary of the society, or a body jointly controlled by it, to conduct its business;

and may dispose of, or otherwise deal with, any land so held by it.

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## **16 Assistance to subsidiaries and jointly controlled bodies.**

- (1) An incorporated friendly society may provide its subsidiaries or bodies which it jointly controls with any of the following services—
  - (a) loans of money, with or without security and whether or not at interest;
  - (b) the use of services or property, whether or not for payment;
  - (c) grants of money, whether or not repayable; and
  - (d) guarantees of the discharge of their liabilities.
- (2) An incorporated friendly society may make payments towards the discharge of the liabilities of any of its subsidiaries.

## **17 Loans to assured members.**

- (1) An incorporated friendly society may advance to a member of at least one full year's standing any sum not exceeding one half of the amount of an assurance of his life, on the written security of himself and two satisfactory sureties or, in Scotland, cautioners for repayment.
- (2) The amount so advanced, with all interest on it, may be deducted from the sum assured, without prejudice in the meantime to the operation of the security.
- (3) A person's membership of a registered friendly society before the society's incorporation is to be taken into account in calculating his standing for the purposes of this section.

### *Benefit terms*

## **18 Terms on which benefits are available.**

- (1) The terms on which an incorporated friendly society provides any benefit shall be—
  - (a) specified in its rules; or
  - (b) determined in a manner specified in its rules.
- (2) If the terms on which a benefit is provided are not specified in the society's rules, the society—
  - (a) shall make copies of them available free of charge to members of the society at every office of the society; and
  - (b) shall send, free of charge, copies of them to any member of the society who demands them.
- (3) If, on demand made of it under subsection (2) above, a society fails, in accordance with that subsection, to make available or, as the case may be, within 7 days of the demand, to send to a person a copy of the terms on which a benefit is provided, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (4) Schedule 9 to this Act shall have effect in relation to nominations by members of incorporated friendly societies and related matters.

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### *Dissolution and winding up*

#### **19 Modes of dissolution and winding up.**

- (1) An incorporated friendly society—
  - (a) may be dissolved by consent of the members; or
  - (b) may be wound up voluntarily or by the court,
 in accordance with this Part of this Act; and an incorporated friendly society may not, except where it is dissolved by virtue of section 85(4), 86(5) or 90(9) below, be dissolved or wound up in any other manner.
- (2) An incorporated friendly society which is in the course of dissolution by consent, or is being wound up voluntarily, may be wound up by the court.

#### **20 Dissolution by consent.**

- (1) An incorporated friendly society may be dissolved by an instrument of dissolution.
- (2) An instrument of dissolution shall only have effect if it is approved by special resolution.
- (3) An instrument of dissolution shall set out—
  - (a) the liabilities and assets of the society in detail;
  - (b) the number of members, and the nature of their interests in the society;
  - (c) the claims of creditors, and the provision to be made for their payment;
  - (d) the intended appropriation or division of the funds and property of the society;
  - (e) the names of one or more persons to be appointed as trustees for the purposes of the dissolution, and their remuneration.
- (4) An instrument of dissolution may be altered, but the alteration shall only have effect if it is approved by special resolution.
- (5) The provisions of this Act shall continue to apply in relation to an incorporated friendly society as if the trustees appointed under the instrument of dissolution were the committee of management of the society.
- (6) The trustees shall—
  - (a) within 15 days of the passing of a special resolution approving an instrument of dissolution, give notice to the [<sup>F31</sup>FCA and, if the society is a PRA-  
authorised person, the PRA] of the fact and the date of commencement of the dissolution, enclosing a copy of the instrument; and
  - (b) within 15 days of the passing of a special resolution approving an alteration of such an instrument, give notice to the [<sup>F31</sup>FCA and, if the society is a  
PRA-  
authorised person, the PRA] of the fact, enclosing a copy of the altered instrument;
 and if the trustees fail to comply with this subsection, they shall each be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (7) An instrument of dissolution or an alteration to such an instrument shall be binding on all members of the society as from the date on which the copy of the instrument or altered instrument, as the case may be, is placed on the public file of the society under subsection (12) below.

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- (8) The trustees shall, within 28 days from the termination of the dissolution, give notice to the [<sup>F31</sup>FCA and, if the society is a PRA-authorized person, the PRA] of the fact and the date of the termination, enclosing an account and balance sheet signed and certified by them as correct, and showing—
  - (a) the assets and liabilities of the society at the commencement of the dissolution; and
  - (b) the way in which those assets and liabilities have been applied and discharged.
- (9) If the trustees fail to comply with subsection (8) above they shall each be guilty of an offence and liable on summary conviction—
  - (a) to a fine not exceeding level 2 on the standard scale; and
  - (b) in the case of a continuing offence, to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.
- (10) Except with the consent of the [<sup>F32</sup>appropriate authority], no instrument of dissolution or alteration to such an instrument shall be of any effect if the purpose of the proposed dissolution or alteration is to effect or facilitate the transfer of the society's engagements to any other friendly society or to a company.
- (11) Any provision in a resolution or document that members of an incorporated friendly society proposed to be dissolved shall accept membership of some other body in or towards satisfaction of their rights in the dissolution shall be conclusive evidence of such purpose as is mentioned in subsection (10) above.
- (12) The [<sup>F33</sup>FCA] shall keep in the public file of the society any notice or other document received by it under subsection (6) or (8) above and shall record in that file the date on which the notice or document is placed in it.

#### Textual Amendments

- F31** Words in s. 20(6)(8) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 8\(2\)](#) (with Sch. 12)
- F32** Words in s. 20(10) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 8\(3\)](#) (with Sch. 12)
- F33** Word in s. 20(12) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 8\(4\)](#) (with Sch. 12)

## 21 Voluntary winding up.

- (1) An incorporated friendly society may be wound up voluntarily under the applicable winding up legislation if it resolves by special resolution that it be wound up voluntarily.
- (2) A copy of any special resolution passed for the voluntary winding up of an incorporated friendly society shall be sent by the society to the [<sup>F34</sup>FCA and, if the society is a PRA-authorized person, the PRA] within 15 days after it is passed; and the [<sup>F35</sup>FCA] shall keep the copy in the public file of the society.
- (3) A copy of any such resolution shall be annexed to every copy of the memorandum or of the rules issued after the passing of the resolution.

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- (4) If an incorporated friendly society fails to comply with subsection (2) or (3) above, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (5) For the purposes of this section, a liquidator of the society shall be treated as an officer of it.

#### Textual Amendments

- F34** Words in s. 21(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 9\(a\)](#) (with Sch. 12)
- F35** Word in s. 21(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 9\(b\)](#) (with Sch. 12)

## 22 Winding up by court: grounds and petitioners.

- (1) An incorporated friendly society may be wound up under the applicable winding up legislation by the court on any of the following grounds, that is to say, if—
- the society has by special resolution resolved that it be wound up by the court;
  - the number of members is reduced below 7;
  - the number of members of the committee of management is reduced below 2;
  - the society has not commenced business within a year from its incorporation or has suspended its business for a whole year;
  - the society exists for an illegal purpose;
  - the society is unable to pay its debts; or
  - the court is of the opinion that it is just and equitable that the society should be wound up.
- (2) Except as provided by subsection [<sup>F36</sup>(2A), (2B) or (3)] or the applicable winding up legislation, a petition for the winding up of an incorporated friendly society may be presented by—
- the [<sup>F37</sup>FCA];
  - [<sup>F38</sup>(aa) the PRA;]
  - the society or its committee of management;
  - any creditor or creditors (including any contingent or any prospective creditor); or
  - any contributory or contributories,
- or by all or any of those parties, together or separately.
- [<sup>F39</sup>(2A) The FCA may only present a petition under subsection (2) in respect of a society which is a PRA-authorized person after consulting the PRA.
- (2B) The PRA may only present a petition under subsection (2)—
- in respect of a society which is a PRA-authorized person; and
  - after consulting the FCA.]
- (3) A contributory may not present a petition unless the number of members is reduced below 7 or he has been a contributory for at least six months before the winding up.
- (4) In this section “contributory” has the meaning assigned to it by paragraph 9 of Schedule 10 to this Act.



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### Textual Amendments

- F36** Words in s. 22(2) substituted (1.4.2013) by virtue of [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 10\(2\)](#) (with Sch. 12)
- F37** Word in s. 22(2)(a) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 10\(3\)](#) (with Sch. 12)
- F38** S. 22(2)(aa) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 10\(4\)](#) (with Sch. 12)
- F39** S. 22(2A)(2B) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 10\(5\)](#) (with Sch. 12)

## 23 Application of winding up legislation to incorporated friendly societies.

- (1) In this section “the companies winding up legislation” means the enactments applicable in relation to England and Wales, Scotland and Northern Ireland which are specified in paragraph 1 of Schedule 10 to this Act (including any enactment which creates an offence by any person arising out of acts or omissions occurring before the commencement of the winding up).
- (2) In its application to the winding up of an incorporated friendly society, by virtue of section 21(1) or 22(1) above, the companies winding up legislation shall have effect with the modifications effected by Parts I to III of Schedule 10 to this Act; and the supplementary provisions of Part IV of that Schedule also have effect in relation to such a winding up and in relation to a dissolution by consent.
- (3) In section 21 and 22 above “the applicable winding up legislation” means the companies winding up legislation as so modified.

## 24 Continuation of long term business.

- (1) This section has effect in relation to the winding up of an incorporated friendly society which carries on long term business (including any reinsurance business).
- (2) The liquidator shall, unless the court otherwise orders, carry on the long term business of the society with a view to its being transferred as a going concern under this Act; and, in carrying on that business, the liquidator may agree to the variation of any contracts of insurance in existence when the winding up order is made but shall not effect any new contracts of insurance.
- (3) If the liquidator is satisfied that the interests of the creditors in respect of liabilities of the society attributable to its long term business require the appointment of a special manager of the society’s long term business, he may apply to the court, and the court may on such application appoint a special manager of that business to act during such time as the court may direct, with such powers (including any of the powers of a receiver or manager) as may be entrusted to him by the court.
- (4) Section 177(5) of the <sup>M1</sup>Insolvency Act 1986 or, as the case may be, Article 151 of the <sup>M2</sup>Insolvency (Northern Ireland) Order 1989 shall apply to a special manager appointed under subsection (3) above as it applies to a special manager appointed under that section or that Article.

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- (5) The court may, if it thinks fit and subject to such conditions (if any) as it may determine, reduce the amount of the contracts made by the society in the course of carrying on its long term business.
- (6) The court may, on the application of the liquidator, a special manager appointed under subsection (3) above or the [F40FCA or the PRA] appoint an independent actuary to investigate the long term business of the society and to report to the liquidator, the special manager or the [F40FCA or the PRA], as the case may be, on the desirability or otherwise of that business being continued and on any reduction in the contracts made in the course of carrying on that business that may be necessary for its successful continuation.

#### Textual Amendments

**F40** Words in s. 24(6) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 11](#) (with Sch. 12)

#### Marginal Citations

**M1** 1986 c. 45.

**M2** S.I.1989/2405 (N.I.19).

## 25 Power of court to declare dissolution void.

- (1) Where an incorporated friendly society has been dissolved under section 20 above or following a winding up, the court may, at any time within 12 years after the date on which the society was dissolved, make an order under this section declaring the dissolution to have been void.
- (2) An order under this section may be made, on such terms as the court thinks fit, on an application by the trustees under section 20 above or the liquidator, as the case may be, or by any other person appearing to the court to be interested.
- (3) When an order under this section is made, such proceedings may be taken as might have been taken if the society had not been dissolved.
- (4) The person on whose application the order is made shall, within 7 days of its being so made, or such further time as the court may allow, furnish the [F41FCA and, if the society is a PRA-authorized person, the PRA] with a copy of the order; and the [F42FCA] shall keep the copy in the public file of the society.
- (5) If a person fails to comply with subsection (4) above, he shall be guilty of an offence and liable on summary conviction—
  - (a) to a fine not exceeding level 3 on the standard scale; and
  - (b) in the case of a continuing offence, to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.
- (6) In this section “the court” means—
  - (a) in relation to a society whose registered office is in England and Wales, the High Court;
  - (b) in relation to a society whose registered office is in Scotland, the Court of Session; and

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- (c) in relation to a society whose registered office is in Northern Ireland, the High Court in Northern Ireland.

#### Textual Amendments

- F41** Words in s. 25(4) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 12\(a\)](#) (with Sch. 12)
- F42** Word in s. 25(4) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 12\(b\)](#) (with Sch. 12)

## 26 Cancellation of registration.

- (1) Where the [F43FCA] is satisfied that an incorporated friendly society has been dissolved under section 20 above or following a winding up, the [F44it] shall cancel the society's registration under this Act.
- (2) Where the [F43FCA] is satisfied, with respect to an incorporated friendly society—
- (a) that a certificate of incorporation has been obtained for the society by fraud or mistake; or
  - (b) that the society has ceased to exist,  
[F45or
  - (c) in the case of a society to which section 37(2) or (3) below applies, that the principal place of business of the society is outside the United Kingdom,]  
[F46it] may cancel the registration of the society.
- (3) Without prejudice to subsection (2) above, the [F43FCA] may, if it thinks fit, cancel the registration of an incorporated friendly society at the request of the society, evidenced in such manner as the [F43FCA] may direct.
- (4) Before cancelling the registration of an incorporated friendly society under subsection (2) above, the [F43FCA] shall give to the society not less than two months' previous notice, specifying briefly the grounds of the proposed cancellation.
- [F47(4A) The FCA must consult the PRA before cancelling under subsection (1), (2) or (3) the registration of a society which is a PRA-authorized person.]
- (5) Where the registration of an incorporated friendly society is cancelled under subsection (2) above, the society may appeal—
- (a) where the registered office of the society is situated in England and Wales, to the High Court;
  - (b) where that office is situated in Scotland, to the Court of Session; or
  - (c) where that office is situated in Northern Ireland, to the High Court in Northern Ireland;
- and on any such appeal the court may, if it thinks it just to do so, set aside the cancellation.
- (6) Where the registration of a society is cancelled under subsection (2) or (3) above, then, subject to the right of appeal under subsection (5) above, the society, so far as it continues to exist, shall cease to be a society incorporated under this Act.

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- (7) Subsection (6) above shall not affect any liability actually incurred by an incorporated friendly society; and any such liability may be enforced against the society as if the cancellation had not taken place.
- (8) Any cancellation of the registration of an incorporated friendly society under this section shall be effected [<sup>F48</sup>by written notice given by the [<sup>F43</sup>FCA] to the society].
- (9) As soon as practicable after the cancellation of the registration of an incorporated friendly society under this section the [<sup>F43</sup>FCA] shall cause notice thereof to be published in the London Gazette, the Edinburgh Gazette or the Belfast Gazette according to the situation of the society's registered office, and if it thinks fit, in one or more newspapers.

#### Textual Amendments

- F43** Word in s. 26 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 13\(2\)](#) (with Sch. 12)
- F44** Word in s. 26(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), [Sch. 3 Pt. 1 para. 64\(a\)\(ii\)](#) (with art. 13(3), Sch. 5); S.I. 2001/3538, 2(1)
- F45** S. 26(2)(c) and the word "or" immediately preceding it inserted (18.7.1996) by S.I. 1996/1669, [reg. 14\(1\)](#)
- F46** Word in s. 26(2) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), [Sch. 3 Pt. 1 para. 64\(b\)\(ii\)](#) (with art. 13(3), Sch. 5); S.I. 2001/3538, [art. 2\(1\)](#)
- F47** S. 26(4A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 13\(3\)](#) (with Sch. 12)
- F48** Words in s. 26(8) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), [Sch. 3 Pt. 1 para. 64\(d\)](#) (with art. 13(3), Sch. 5); S.I. 2001/3538, [art. 2\(1\)](#)

## PART III

### MANAGEMENT AND ADMINISTRATION

#### *Committee of management and other officers*

#### 27 **Committee of management.**

- (1) Every friendly society shall have a committee of management with at least 2 members.
- (2) The committee of management shall appoint one of its members to be chairman of the committee.
- (3) Members of the committee of management shall (unless co-opted on to the committee) be elected to office in accordance with the rules of the society.
- (4) The committee of management may co-opt as a member of the committee (whether as an additional member or to fill any vacancy) any person—
  - (a) who appears to the committee to be fit and proper to be a member, and

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- (b) who has not failed, having been nominated at an election held within the preceding 12 months, to be elected as a member of the committee;  
and such a person may be co-opted notwithstanding that he is not a member of the society.
- (5) Part I of Schedule 11 to this Act shall have effect in relation to committees of management and Part II shall have effect with regard to dealings with members of committees of management of friendly societies and registered branches.

#### Commencement Information

- II** S. 27 wholly in force; s. 27 not in force at Royal Assent see s. 126(2); s. 27 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 27(5) in force to the extent specified for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 2; s. 27 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

## 28 Chief executive and secretary.

- (1) Every friendly society shall have a chief executive and a secretary.
- (2) The chief executive of a friendly society shall be a person appointed by the committee of management who (whether alone or jointly with one or more other persons) is responsible under the immediate authority of the committee for the conduct of the business of the society.
- (3) The secretary of a friendly society shall be appointed by the committee of management or, if the rules of the society so provide, elected to office in accordance with the rules.
- (4) The committee of management of a friendly society shall take all reasonable steps to secure that the person appointed as chief executive has the requisite knowledge and experience to discharge the functions of his office.
- (5) The offices of chief executive and secretary may be held by the same person.
- (6) Anything required or authorised to be done by or to the secretary or chief executive of a friendly society may, if the office is vacant or there is for any other reason no secretary or chief executive capable of acting, be done by or to—
- (a) any assistant or deputy secretary or assistant or deputy chief executive, as the case may be; or
- (b) if there is no assistant or deputy capable of acting, any member of the society's staff who is authorised generally or specially for that purpose by the committee of management.

#### Commencement Information

- I2** S. 28 wholly in force; s. 28 not in force at Royal Assent see s. 126(2); s. 28 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 28 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

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## 29 Notification of officers to [F49FCA].

- (1) Where a person becomes or ceases to be a member of the committee of management of a friendly society, the society shall within one month give notice of that fact, including the information specified in subsection (2) below, to the [F49FCA].
- (2) The notice shall state the person's full name and address and the date on which he became, or ceased to be, a member of the committee and, in the case of a person becoming a member, the date of his birth.
- (3) Where a person becomes or ceases to be the chief executive or the secretary of a friendly society, the society shall within one month give notice of that fact to the [F49FCA], stating the person's full name and address and the date on which he became, or ceased to be, chief executive or secretary.
- (4) If a friendly society fails to comply with subsection (1) or (3) above, it shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.
- (5) On receipt of a notice under this section, the [F49FCA] shall record the name of the person to whom the notice relates and the date on which he began to hold, or, as the case may be, ceased to hold office, in the public file of the society.

### Textual Amendments

**F49** Word in s. 29 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 14** (with Sch. 12)

### Commencement Information

**I3** S. 29 wholly in force; s. 29 not in force at Royal Assent see s. 126(2); s. 29 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 29 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

## *Meetings and resolutions*

## 30 Meetings and resolutions.

Schedule 12 to this Act shall have effect with respect to meetings and resolutions of friendly societies and registered branches.

### Commencement Information

**I4** S. 30 wholly in force; s. 30 not in force at Royal Assent see s. 126(2); s. 30 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 30 in force to the extent specified for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), **Sch. 2**; s. 30 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

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## PART IV

### AUTHORISATION OF FRIENDLY SOCIETIES' BUSINESS

#### *Restriction on carrying on unauthorised business*

#### **31 Restriction on carrying on unauthorised insurance or non-insurance business.**

F50 .....

##### **Textual Amendments**

**F50** S. 31 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 5, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

#### *Authorisation to carry on business*

#### **32 Grant of authorisation by Commission: general.**

F51 .....

##### **Textual Amendments**

**F51** S. 32 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 5, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

#### **33 Applications from certain existing friendly societies.**

F52 .....

##### **Textual Amendments**

**F52** S. 33 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 5, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

#### **34 Grant of unconditional or conditional authorisation.**

F53 .....

##### **Textual Amendments**

**F53** S. 34 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 5, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

#### **35 Extension of current authorisation.**

F54 .....



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**Textual Amendments**

**F54** S. 35 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 5, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

**36 Imposition of conditions on current authorisation.**

<sup>F55</sup> .....

**Textual Amendments**

**F55** S. 36 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 5, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

<sup>F56</sup>**36A** .....

**Textual Amendments**

**F56** S. 36A repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 5, **Sch. 22**; and by S.I. 2001/2617, **art. 13(2)**, **Sch. 4** (with Sch. 5); S.I. 2001/3538, **art. 2(1)**

*Restrictions on business of certain authorised societies*

**37 Restriction on combinations of business.**

<sup>F57</sup>(1) .....

<sup>F57</sup>(1A) .....

- (2) This subsection applies to a friendly society which carries on long term business—
  - (a) if its rules do not contain provision for calling up additional contributions, for reducing benefits or for claiming assistance from other persons who have undertaken to provide it; or
  - (b) if its annual contribution income from long term business exceeded 500,000 ECU for 3 consecutive years and it is not the subject of a direction under subsection (5) below;

and, for the purposes of paragraph (b) above, years ending before 1st January 1985 shall be disregarded.

- (3) This subsection applies to a friendly society which carries on general business—
  - (a) if its rules do not contain provision for calling up additional contributions or for reducing benefits; or
  - (b) if its annual contribution income from general business in any previous year exceeded 1,000,000 ECU and it is not the subject of a direction under subsection (5) below;

and, for the purposes of paragraph (b) above, years ending before 1st January 1993 shall be disregarded.



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- (4) In subsections (2) and (3) above a reference to a year, in relation to annual contribution income, is a reference to any financial year of a society for which, at the relevant time, accounts have been or ought to have been prepared.
- (5) The [<sup>F58</sup>appropriate authority] may, if it is satisfied that it is consistent with the international obligations of the United Kingdom to do so, direct that a friendly society—
- (a) which is, by virtue only of paragraph (b) of subsection (2) above, a society to which that subsection applies; or
  - (b) which is, by virtue only of paragraph (b) of subsection (3) above, a society to which that subsection applies;
- shall, unless the direction is revoked, be treated as not being a society to which subsection (2) or, as the case may be, subsection (3) above applies.
- (6) If—
- (a) the [<sup>F58</sup>appropriate authority] has given a direction under subsection (5) above in relation to a society such as is mentioned in subsection (5)(a) above; and
  - (b) the society's annual contribution income from long term business exceeds 500,000 ECU for 3 consecutive years ending after a date specified in the direction,
- the [<sup>F58</sup>appropriate authority] shall revoke the direction.
- (7) If—
- (a) the [<sup>F58</sup>appropriate authority] has given a direction in relation to a society such as is mentioned in subsection (5)(b) above; and
  - (b) the society's annual contribution income from general business in a year ending after a date specified in the direction exceeded 1,000,000 ECU,
- the [<sup>F58</sup>appropriate authority] shall revoke the direction.

- <sup>F57</sup>(7A) . . . . .
- <sup>F57</sup>(8) . . . . .
- <sup>F57</sup>(9) . . . . .

**Textual Amendments**

- F57** S. 37(1)(1A)(7A)(8)(9) repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), Sch. 18 para. 6, Sch. 22; S.I. 2001/3538, art. 2(1)
- F58** Words in s. 37 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 15 (with Sch. 12)

**Modifications etc. (not altering text)**

- C6** S. 37(4) excluded (1.5.1993) by S.I. 1993/932, reg. 7

**Commencement Information**

- I5** S. 37 wholly in force; s. 37 not in force at Royal Assent see s. 126(2); s. 37 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 37 in force for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 2

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### 38 Restriction on commercial business.

F59 .....

#### Textual Amendments

**F59** S. 38 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 7, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

*Powers of Commission in relation to authorised societies*

### 39 Power to direct application for fresh authorisation.

F60 .....

#### Textual Amendments

**F60** S. 39 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 7, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

### <sup>F61</sup>40 Withdrawal of authorisation in respect of new business.

.....

#### Textual Amendments

**F61** S. 40 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, Sch. 18 para. 7, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

### 41 Withdrawal of authorisation to carry on insurance business.

F62 .....

#### Textual Amendments

**F62** S. 41 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 7, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

*Supplementary*

### 42 Contracts effected in contravention of section 31(1).

F63 .....

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**Textual Amendments**

**F63** S. 42 repealed (1.4.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 Pt. I para. 7, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

**43 Interpretation of Part IV.**

**F64** .....

**Textual Amendments**

**F64** S. 43 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 7, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

**PART V**

**REGULATION OF FRIENDLY SOCIETIES' BUSINESS**

*Preliminary*

**44 Appointment of actuary by societies with long term business.**

**F65** .....

**Textual Amendments**

**F65** S. 44 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

**45 Valuation of assets and liabilities.**

**F66** .....

**Textual Amendments**

**F66** S. 45 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

*Actuarial investigations*

**46 Annual investigation into condition of certain societies.**

**F67** .....

*Status: Point in time view as at 29/06/2017.*

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**Textual Amendments**

**F67** S. 46 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 Pt. I para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

**47 Triennial investigations into condition of certain societies.**

**F68** .....

**Textual Amendments**

**F68** S. 47 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

*Margins of solvency*

**48 Margins of solvency in relation to insurance business of certain societies.**

**F69** .....

**Textual Amendments**

**F69** S. 48 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

**49 Failure to maintain prescribed margin of solvency.**

**F70** .....

**Textual Amendments**

**F70** S. 49 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

*[<sup>F71</sup>Adequacy of assets and premiums]*

**Textual Amendments**

**F71** Cross heading inserted (1.9.1994) by S.I. 1994/1984 reg. 9

**49A Adequacy of assets.**

**F72** .....

*Status: Point in time view as at 29/06/2017.*

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**Textual Amendments**

**F72** S. 49A repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

**49B Adequacy of premiums in respect of long term insurance.**

**F73** .....

**Textual Amendments**

**F73** S. 49B repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

*Criteria of prudent management*

**50 The criteria of prudent management.**

**F74** .....

**Textual Amendments**

**F74** S. 50 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, 431(2), 432(3), Sch. 18 para. 8, **Sch. 22**; S.I. 2001/3538, **art. 2(1)**

*Powers of <sup>F75</sup>FCA and PRA]*

**Textual Amendments**

**F75** Words in s. 51 cross-heading substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 16** (with Sch. 12)

**51 Power to forbid acceptance of new members.**

- (1) Subject to the provisions of this section, if the Commission considers it expedient to do so in the interests of the members or potential members of a friendly society, it may give the society a direction forbidding it to accept any new members.
- (2) If the Commission proposes to give such a direction, it shall serve on the society a notice stating that it proposes to give a direction.
- (3) A notice under subsection (2) above shall specify the grounds for the proposed direction.
- (4) The Commission shall consider any representations made by the society within such period (not being less than one month) from the date on which the society is served with the notice as the Commission may allow and, if the society so requests, shall afford to it an opportunity of being heard by the Commission within that period.

*Status: Point in time view as at 29/06/2017.*

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- (5) The Commission may not give a direction unless all the grounds for giving it are those, or among those, which were specified in the notice served on the society under subsection (2) above.
- (6) On giving a direction, the Commission shall—
- (a) serve notice of it on the society, specifying the grounds for making it;
  - (b) publish notice of it in one or more of the London, Edinburgh and Belfast Gazettes and in any such other ways as it considers appropriate; and
  - (c) send a copy of it to the central office.
- (7) A society which contravenes a direction given to it under this section shall be guilty of an offence and shall be liable—
- (a) on conviction on indictment, to a fine; and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (8) The central office shall keep a copy of a direction given to a friendly society under this section in the public file of the society.

#### Commencement Information

**16** S. 51 wholly in force; s. 51 not in force at Royal Assent see s. 126(2); s. 51 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 51 in force for all remaining purposes at 28.4.1993 by S.I. 1993/1186, art. 2(2), Sch. 2

## 52 Applications to court.

- [<sup>F76</sup>(1) If the FCA has reason to believe that any of the conditions mentioned in subsection (2) is satisfied, it may, after consulting the PRA if the society is a PRA-authorized person—
- (a) present a petition to the High Court for the winding up of the society under the applicable winding up legislation;
  - (b) make an application to the High Court for an order under subsection (5).
- (1A) If the PRA has reason to believe that any of the conditions mentioned in subsection (2) is satisfied in relation to a society which is a PRA-authorized person, it may, after consulting the FCA—
- (a) present a petition to the High Court for the winding up of the society under the applicable winding up legislation;
  - (b) make an application to the High Court for an order under subsection (5).]

(2) The conditions referred to in [<sup>F77</sup>subsections (1) and (1A)] are—

    - (a) that a friendly society is carrying on activities that are not activities which such a society is permitted by this Act or the 1974 Act to carry on;
    - (b) that the society is not carrying on any activity falling within Schedule 2 to this Act;

[<sup>F78</sup>(c) that the society is failing to satisfy any obligation to which it is subject by virtue of any provision of the law of any EEA State other than the United Kingdom which—

    - (i) gives effect to [<sup>F79</sup>the Solvency 2 Directive]; or

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(ii) is otherwise applicable to the insurance activities of the society in that State;]

<sup>F80</sup>(d) .....

and a court shall not make an order for the winding up of a society by virtue of this section unless it is satisfied that one or more of those conditions is satisfied.

<sup>F81</sup>(3) .....

[<sup>F82</sup>(4) A court may not make an order under subsection (5) unless it is satisfied that one or more of the conditions mentioned in subsection (2) are satisfied.]

(5) An order under this subsection is an order directing the society to modify its business as directed in the order or to take such other steps as may be so directed <sup>F83</sup>....

(6) Where a court makes an order under subsection (5) above, the [<sup>F84</sup>[<sup>F85</sup>FCA] shall keep a copy of the order in the public file of the society.]

(7) The power to present a petition or to make an application for an order under subsection (5) above is available to the [<sup>F86</sup>FCA and the PRA whether or not either of them] has previously presented a petition or made an application for such an order, as the case may be.

(8) In the application of this section to a friendly society whose registered office is in Scotland or Northern Ireland, references to the High Court shall be read as references to the Court of Session or, as the case may be, the High Court in Northern Ireland.

(9) In this section “the applicable winding up legislation”, in relation to an incorporated friendly society, has the same meaning as in section 23 above and, in relation to a registered friendly society, means Part V of the <sup>M3</sup>Insolvency Act 1986 or (where the society’s registered office is in Northern Ireland) Part VI of the <sup>M4</sup>Insolvency (Northern Ireland) Order 1989.

#### Textual Amendments

- F76** S. 52(1)(1A) substituted for s. 52(1) (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 17(2)** (with Sch. 12)
- F77** Words in s. 52(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 17(3)** (with Sch. 12)
- F78** S. 52(2)(c) substituted (1.9.1994) by S.I. 1994/1984 reg. 12
- F79** Words in s. 52(2)(c)(i) substituted (1.1.2016) by The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(2)**
- F80** S. 52(2)(d) repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, Sch. 18 para. 15(2), **Sch. 22**, S.I. 2001/3538, art. 2(1)
- F81** S. 52(3) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 17(4)** (with Sch. 12)
- F82** S. 52(4) substituted (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, **Sch. 18 para. 15(4)**, S.I. 2001/3538, art. 2(1)
- F83** Words in s. 52(5) repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, Sch. 18 para. 15(5), **Sch. 22**; S.I. 2001/3538, **art. 2(1)**
- F84** Words in s. 52(6) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 69(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F85** Word in s. 52(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 17(5)** (with Sch. 12)

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**F86** Words in s. 52(7) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 17\(6\)](#) (with [Sch. 12](#))

#### Commencement Information

**I7** [S. 52](#) wholly in force; [s. 52](#) not in force at Royal Assent see [s. 126\(2\)](#); [s. 52](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [s. 52](#) in force for all remaining purposes at 28.4.1993 by [S.I. 1993/1186](#), art. 2(2), [Sch. 2](#)

#### Marginal Citations

**M3** [1986 c.45](#).

**M4** [S.I. 1989/2405 \(N.I. 19\)](#).

**F87** **52A** .....

#### Textual Amendments

**F87** [Ss. 52A, 53](#) repealed (1.12.2001) by [S.I. 2001/2617](#), arts. 2, 13(2), [Sch. 4](#) (with art. 13(3), [Sch. 5](#))

**F88** **53** .....

#### Textual Amendments

**F88** [Ss. 52A, 53](#) repealed (1.12.2001) by [S.I. 2001/2617](#), arts. 2, 13(2), [Sch. 4](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#)

## 54 Supervision of activities of subsidiaries etc.

- (1) In this section “friendly society group” means an incorporated friendly society, subsidiaries of that society and bodies jointly controlled by it.
- (2) If it appears to the [<sup>F89</sup>FCA or the PRA] that the activities of subsidiaries of an incorporated friendly society or bodies jointly controlled by it are or may become disproportionate to those of the friendly society group as a whole, it may direct the society—
  - (a) to take or refrain from taking steps specified in the direction with a view to securing that the activities in question cease to be or do not become disproportionate; or
  - (b) to take steps so specified with a view to securing—
    - (i) that it ceases to have control or joint control of any subsidiary or jointly controlled body in question; or
    - (ii) that any such subsidiary or jointly controlled body is wound up.
- (3) If it appears to the [<sup>F89</sup>FCA or the PRA] that any activity of a subsidiary of an incorporated friendly society or of a body jointly controlled by such a society is unsuitable for a member of a friendly society group, it may direct the society—
  - (a) to take steps specified in the direction with a view to securing that that activity ceases; or
  - (b) to take steps so specified with a view to securing—



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- (i) that it ceases to have control or joint control of the subsidiary or jointly controlled body; or
  - (ii) that the subsidiary or jointly controlled body is wound up.
- (4) A direction under this section may specify [<sup>F90</sup>that the society is to comply with it—
- (a) immediately on receipt of a final notice in relation to the direction;
  - (b) before the end of such period as may be specified in the direction, beginning with the giving of a final notice in relation to the direction; or
  - (c) on the happening of an event subsequent to the giving of such a notice.]
- (5) A society given a direction under this section must—
- (a) comply with the direction; or
  - (b) convert itself into a company in accordance with Part VIII of this Act.
- [<sup>F91</sup>(6) The [<sup>F92</sup>FCA or the PRA] may by written notice to the society—
- (a) vary a direction [<sup>F93</sup>issued by it] under this section at the request of the society; or
  - (b) revoke a direction [<sup>F93</sup>issued by it] under this section.]
- [<sup>F94</sup>(6A) The FCA must consult the PRA before issuing a direction under this section to a PRA-  
authorised person or varying such a direction.
- (6B) The PRA must consult the FCA before issuing or varying a direction under this section.]
- [<sup>F95</sup>(7) If a society requests the FCA or the PRA to notify the society as to whether, in the opinion of that authority, it has complied with a direction issued by that authority, the FCA or the PRA (as the case may be) must comply with the request.
- (7A) The PRA must send a copy to the FCA of any direction, notice, final notice or notification it issues under this section.]
- <sup>F96</sup>(8) . . . . .
- (9) The [<sup>F97</sup>[<sup>F98</sup>FCA] shall keep] a copy—
- (a) of a direction under this section;
  - (b) of a notice under subsection (6) above; or
  - [<sup>F99</sup>(ba) of a final notice varying a direction under this section;]
  - (c) of a notification under subsection (7) above;
- <sup>F100</sup> . . . in the public file of the society.
- [<sup>F101</sup>(10) “Final notice” means a final notice given under section 390 of the Financial Services and Markets Act 2000, as applied by section 58A(6) below.]

#### Textual Amendments

- F89** Words in s. 54(2)(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 18\(2\)](#) (with Sch. 12)
- F90** S. 54(4): Words and paras. (a)-(c) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 71\(b\)](#) (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F91** S. 54(6) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 71\(c\)](#) (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), [art. 2\(1\)](#)

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- F92** Words in s. 54(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 18(3)(a)** (with Sch. 12)
- F93** Words in s. 54(6) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 18(3)(b)** (with Sch. 12)
- F94** S. 54(6A)(6B) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 18(4)** (with Sch. 12)
- F95** S. 54(7)(7A) substituted for s. 54(7) (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 18(5)** (with Sch. 12)
- F96** S. 54(8) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5)
- F97** Words in s. 54(9) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 71(e)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F98** Word in s. 54(9) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 18(6)** (with Sch. 12)
- F99** S. 54(9)(ba) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 71(e)(ii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F100** Words in s. 54(9) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5)
- F101** S. 54(10) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 71(f)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

#### Commencement Information

- I8** S. 54 wholly in force; s. 54 not in force at Royal Assent see s. 126(2); s. 54 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 54 in force for all remaining purposes at 28.4.1993 by S.I. 1993/1186, art. 2(2), **Sch. 2**

## 55 Supervision of group insurance business.

- (1) This section applies where a friendly society carries on any group insurance business providing benefits for or in respect of a group of persons who are not members of the society.
- (2) If it appears to the [<sup>F102</sup>FCA or the PRA] that the business so carried on is or may become disproportionate to the other activities of the society (including any group insurance business carried on for the provision of benefits for or in respect of persons who are members of the society), it may direct the society to take or refrain from taking steps specified in the direction with a view to securing that the group business in question ceases to be or does not become disproportionate.
- (3) Subsections (4) to (9) of section 54 above shall apply in relation to a direction under this section as they apply to a direction under that section.

#### Textual Amendments

- F102** Word in s. 55(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 19** (with Sch. 12)

#### Commencement Information

- I9** S. 55 wholly in force; s. 55 not in force at Royal Assent see s. 126(2); s. 55 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 55 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

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[<sup>F103</sup>**55A Supervision of controllers.**

<sup>F104</sup>(1) .....

(2) In this Act–

“controller”, in relation to a friendly society to which section 37(2) or (3) of this Act applies, means a person who, either alone or with any associate or associates–

- (a) is entitled to exercise or control the exercise of 10 per cent. or more of the voting power at any general meeting of the society; or
- (b) is able to exercise a significant influence over the management of the society by virtue of an entitlement to exercise, or to control the exercise of, the voting power at any general meeting of the society;

<sup>F105</sup> .....

<sup>F106</sup>(3) .....]

**Textual Amendments**

**F103** S. 55A added (1.9.1994) by S.I. 1994//1984 reg. 14(1)

**F104** S. 55A(1) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F105** Definition of “notifiable voting rights” in s. 55A(2) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F106** S. 55A(3) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

<sup>F107</sup>**56** .....

**Textual Amendments**

**F107** Ss. 56, 57, 57A repealed (1.12.2001) by S.I. 2001/2617, art. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

*Covering of risks situated in another member State*

<sup>F108</sup>**57** .....

**Textual Amendments**

**F108** Ss. 56, 57, 57A repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

<sup>F109</sup>**57A** .....

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#### Textual Amendments

**F109** Ss. 56, 57, 57A repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

### [<sup>F110</sup>Notices, hearings and appeals]

#### Textual Amendments

**F110** S. 58A and the cross-heading substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for ss. 58-61 by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 Pt. 1 para 75** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

### [<sup>F112</sup>58A Notices, hearings and appeals.

- (1) If the [<sup>F113</sup>FCA or the PRA] proposes—
  - (a) to give a direction to a society under section 54 or section 55, or to vary such a direction other than at the request of the society, or
  - (b) to give a direction in relation to a society under section 90,
 it must give the society a warning notice.
- (2) The warning notice must set out the terms of the direction which the [<sup>F114</sup>FCA or the PRA] proposes to give and, in the case of a proposal to give a direction under section 54 or 55, any provisions which the [<sup>F114</sup>FCA or the PRA] proposes to include in the direction by virtue of section 54(4) (including that provision as applied by section 55(3)).
- (3) If the [<sup>F115</sup>FCA or the PRA] decides—
  - (a) to give a direction to a society under section 54 or section 55, or to vary such a direction other than at the request of the society, or
  - (b) to give a direction in relation to a society under section 90,
 it must give the society a decision notice.
- (4) The decision notice must set out the terms of the direction which the [<sup>F116</sup>FCA or the PRA] has decided to give and, in the case of a decision to give a direction under section 54 or 55, any provisions to be included in the direction by virtue of section 54(4) (including that provision as applied by section 55(3)).
- (5) A society to whom a decision notice is given under this section may refer the matter to the [<sup>F117</sup>Upper Tribunal].
- (6) Part XXVI of the Financial Services and Markets Act 2000 (notices) is to be treated as applying in respect of warning notices and decision notices given under this section as it applies in respect of warning notices and decision notices given under that Act, subject to subsection (8) below.
- <sup>F118</sup>(7) .....
- (8) In the application of Part XXVI of that Act in respect of warning notices and decision notices given under this section—

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- (a) section 388(1)(e)(i) (which requires a decision notice to indicate any right given under that Act to refer a decision to the Tribunal) is to be read as if, for the words “this Act”, there were substituted “the Friendly Societies Act 1992”;
- (b) section 388(2) (which makes provision for the type of action to which a decision notice may relate if it was preceded by a warning notice) is to be read as if, for the word “Part”, there were substituted “section”;
- (c) section 390(4) (which provides for the content of a final notice about an order) is to be read as if—
  - (i) for the words “an order” there were substituted “a direction”, and
  - (ii) for the words “the order”, in both places where they appear, there were substituted “the direction”; and
- (d) section 392 (application of sections 393 (third party rights) and 394 (access to <sup>F119</sup>FCA or PRA material)) is to be read as if—
  - (i) paragraph (a) of that section contained a reference to a warning notice given under subsection (1) above, and
  - (ii) paragraph (b) of that section contained a reference to a decision notice given under subsection (3) above.]

#### Textual Amendments

- F112** S. 58A substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for ss. 58-61 by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 75** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F113** Words in s. 58A(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 20(2)** (with Sch. 12)
- F114** Words in s. 58A(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 20(2)** (with Sch. 12)
- F115** Words in s. 58A(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 20(2)** (with Sch. 12)
- F116** Words in s. 58A(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 20(2)** (with Sch. 12)
- F117** Words in s. 58A(5) substituted (6.4.2010) by The Transfer of Tribunal Functions Order 2010 (S.I. 2010/22), art. 1(2)(e), **Sch. 2 para. 13(a)** (with Sch. 5)
- F118** S. 58A(7) omitted (6.4.2010) by virtue of The Transfer of Tribunal Functions Order 2010 (S.I. 2010/22), art. 1(2)(e), **Sch. 2 para. 13(b)** (with Sch. 5)
- F119** Word in s. 58A(8)(d) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 20(3)** (with Sch. 12)

### Information

#### 62 Powers to obtain information and documents etc.

- (1) This section applies to information, documents or other material, or explanations of matters which relate to—
  - (a) the activities or the plans for future development of a friendly society; or

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- (b) the activities or the plans for future development of a subsidiary of or body jointly controlled by an incorporated friendly society;
- and, in relation to the imposition of requirements under this section, “the purposes of its supervisory functions” means the purposes of the discharge by the [F124FCA or the PRA] of any of its functions under this Act.
- (2) This section does not authorise any requirement in relation to information, documents or other material to be imposed on a subsidiary of or body jointly controlled by an incorporated friendly society unless that subsidiary or body carries on business in the United Kingdom; but a requirement may be imposed under this section on a friendly society in relation to information, documents or other material in the possession or control of a subsidiary of or body jointly controlled by the society which does not carry on business in the United Kingdom.
- (3) Subject to subsection (2) above, the [F124FCA or the PRA] may by notice to a friendly society or to a subsidiary of, or body jointly controlled by, an incorporated friendly society, require the body to which it is addressed—
- (a) to furnish to it, within a specified period or at a specified time or times, such specified information as the [F124FCA or the PRA] considers it needs for the purposes of its supervisory functions;
  - (b) to produce to it, at a specified time and place, such specified documents or other material as the [F124FCA or the PRA] considers it needs for the purposes of its supervisory functions;
  - (c) to provide to it, within a specified period, such explanations of specified matters as the [F124FCA or the PRA] considers it needs for the purposes of its supervisory functions;
- [F125(3A) Subject to subsection (2) above, any person authorised for the purpose by the [F124FCA or the PRA] (“an authorised officer”) may, on producing evidence of his authority, require a friendly society or a subsidiary of, or body jointly controlled by, an incorporated friendly society—
- (a) to furnish to him forthwith such specified information as the [F124FCA or the PRA] considers it needs for the purposes of its supervisory functions;
  - (b) to produce to him forthwith such documents or other material as the [F124FCA or the PRA] considers it needs for those purposes;
  - (c) to provide to him forthwith such explanations of specified matters as the [F124FCA or the PRA] considers it needs for those purposes.]
- (4) Where by virtue of subsection (3)(a), (b) or (c) above the [F126[F124FCA or the PRA] has power, or by virtue of subsection (3A) above an authorised officer has power,] to require the furnishing of any information, the production of any document or material or the provision of any explanation by a friendly society, the [F127[F128FCA, the PRA or] authorised officer] shall have the like power as regards any person who—
- (a) is or has been an officer, employee or agent of the society [F129or, in the case of a society to which section 37(2) or (3) above applies, a controller or manager of the society], or
  - (b) in the case of documents or material, appears to the [F127[F128FCA, the PRA or] authorised officer] to have the document or material in his possession or under his control.
- (5) Where by virtue of subsection (3)(a), (b) or (c) above the [F130[F124FCA or the PRA] has power, or by virtue of subsection (3A) above an authorised officer has power,] to require the furnishing of any information, the production of any document or material

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or the provision of any explanation by a subsidiary of or body jointly controlled by an incorporated friendly society, the [F131[F128]FCA, the PRA or] authorised officer] shall have the like power as regards any person who—

- (a) is or has been an officer, employee or agent of the subsidiary or jointly controlled body, or
- (b) in the case of documents or material, appears to the [F131[F128]FCA, the PRA or] authorised officer] to have the document or material in his possession or under his control.

F132(5A) .....

(6) Where any person from whom production of a document or material is required under subsection (4) or (5) above claims a lien on the document or material, the production of it shall be without prejudice to the lien.

(7) Nothing in the foregoing provisions of this section shall compel the production—

[F133(a) by a relevant lawyer of a document or material contained in a privileged communication or, in Scotland, a communication which is protected from disclosure on the ground of confidentiality, made by or to the relevant lawyer in that capacity or the furnishing of information contained in such communication so made;]

(c) by an independent qualified conveyancer, an executry practitioner or a recognised financial institution of a document or material contained in a communication made by him or to him which is protected from disclosure by virtue of section 22 of the M6Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 or the furnishing of information contained in such a communication.

(8) Where, by virtue of subsection (3), [F134(3A),] (4) or (5) above, the [F135[F128]FCA, the PRA or] an authorised officer] requires the production by a friendly society or other body or any other person of documents or material, the [F136[F128]FCA, the PRA or] authorised officer] may—

- (a) if the documents or material are not produced, require that person to state, to the best of his knowledge and belief, where the documents or material are;
- (b) if the documents or material are produced, take copies of or extracts from them and require that person or any other person who is or has been an officer, employee or agent of the friendly society or other body, as the case may be, to provide an explanation of the documents or material.

(9) Any person who, when required to do so under this section, fails without reasonable excuse to furnish any information or report, to produce any documents or material, or to provide any explanation or make any statement, shall be guilty of an offence and liable on summary conviction—

- (a) to a fine not exceeding level 5 on the standard scale; and
- (b) in the case of a continuing offence, to an additional fine not exceeding [F137]one tenth of that level][F137]one-tenth of the greater of £5,000 or level 4 on the standard scale] for every day during which the offence continues.

(10) Any friendly society which furnishes any information, provides any explanation or makes any statement which is false or misleading in a material particular, shall be guilty of an offence and liable—

- (a) on conviction on indictment, to a fine; and
- (b) on summary conviction to a fine not exceeding the statutory maximum.



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- (11) Any person who knowingly or recklessly furnishes any information, provides any explanation or makes any statement which is false or misleading in a material particular shall be guilty of an offence and liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding 2 years or to a fine or both; and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (12) In this section—
- “specified” means specified in a notice under this section; and
- “agent”, in relation to a friendly society or a subsidiary of, or body jointly controlled by, an incorporated friendly society, includes its bankers, accountants, solicitors and auditors and the appropriate actuary [<sup>F138</sup>, and
- “relevant lawyer” means a barrister, advocate, solicitor or other legal representative communications with whom may be the subject of a claim to professional privilege or, in Scotland, be protected from disclosure in legal proceedings on grounds of confidentiality of communication].

#### Textual Amendments

- F124** Words in s. 62 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 21\(b\)](#) (with [Sch. 12](#))
- F125** [S. 62\(3A\)](#) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 76\(c\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F126** Words in s. 62(4) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 76\(d\)\(i\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F127** Words in s. 62(4) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 76\(d\)\(ii\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F128** Words in s. 62 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 21\(a\)](#) (with [Sch. 12](#))
- F129** [S. 62\(4\)\(a\)](#) words substituted (1.9.1994) by [S.I. 1994/1984](#), [reg. 17\(1\)](#)
- F130** Words in s. 62(5) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 76\(e\)\(i\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F131** Words in s. 62(5) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 76\(e\)\(ii\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F132** [S. 62\(5A\)](#) repealed (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), art. 2, 13, [Sch. 3 para. 76\(f\)](#), [Sch. 4](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F133** [S. 62\(7\)\(a\)](#) substituted for [s. 62\(7\)\(a\)\(b\)](#) (1.1.2010) by [Legal Services Act 2007 \(c. 29\)](#), s. 211(2), [Sch. 21 para. 103\(a\)](#) (with [ss. 29, 192, 193](#)); [S.I. 2009/3250](#), art. 2(h)
- F134** Words in s. 62(8) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 76\(g\)\(i\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F135** Words in s. 62(8) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), art. 2, 8(1), 13(1), [Sch. 3 para. 76\(g\)\(ii\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F136** Words in s. 62(8) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 76\(g\)\(iii\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F137** Words in s. 62(9)(b) substituted (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 3 para. 7\(2\)](#) (with [reg. 5\(1\)](#))
- F138** Words in s. 62(12) inserted (1.1.2010) by [Legal Services Act 2007 \(c. 29\)](#), s. 211(2), [Sch. 21 para. 103\(b\)](#) (with [ss. 29, 192, 193](#)); [S.I. 2009/3250](#), art. 2(h)



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#### Commencement Information

**I10** S. 62 wholly in force; s. 62 not in force at Royal Assent see s. 126(2); s. 62 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 62 in force for all remaining purposes at 28.4.1993 by S.I. 1993/1186, art. 2(2), Sch. 2

#### Marginal Citations

**M6** 1990 c. 40.

### [<sup>F139</sup>62A Entry of premises under warrant under section 176 of the Financial Services and Markets Act 2000.

- (1) A justice of the peace may issue a warrant under section 176 of the Financial Services and Markets Act 2000 if satisfied on information on oath given by or on behalf of the [<sup>F140</sup>FCA or the PRA], an authorised officer within the meaning of section 62(3A) above, or a person appointed as an investigator under section 65(1) below or as an inspector under section 66(1) below, that there are reasonable grounds for believing that the first or second set of conditions below is satisfied.
- (2) The first set of conditions is that—
  - (a) there are on the premises specified in the warrant information, documents or other material in relation to which a requirement has been imposed on any person under section 62(3), (3A), (4) or (5) above or section 67(3) below, or which it is the duty of any person to produce under section 65(3) or 67(2) below, and
  - (b) that person has failed (wholly or in part) to comply with that requirement or, having been requested to do so, has failed (wholly or in part) to comply with that duty.
- (3) The second set of conditions is that—
  - (a) there are on the premises specified in the warrant information, documents or other material in relation to which a requirement could be imposed on any person under section 62(3), (3A), (4) or (5) above or section 67(3) below, or which any person could be requested to produce in compliance with the duty imposed on them by section 65(3) or 67(2) below, and
  - (b) if such a requirement were imposed, or such a request made,—
    - (i) it would not be complied with, or
    - (ii) any information, documents or other material to which it related would be removed, tampered with or destroyed.]

#### Textual Amendments

**F139** S. 62A inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, art. 2, 13(1), Sch. 3, Pt. 1 para 77 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

**F140** Words in s. 62A(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 22 (with Sch. 12)

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## **[<sup>F142</sup>63A Disclosure of information.**

- (1) For the purposes of sections 348 to 353 of the Financial Services and Markets Act 2000 (restrictions on disclosure of confidential information)—
  - (a) information to which this section applies is to be treated as confidential information; and
  - (b) in relation to such information, each of the following is a primary recipient—
    - [<sup>F143</sup>(i) the FCA;
    - (ia) the PRA;]
    - (ii) any person who is or has been employed by the [<sup>F144</sup>FCA or the PRA]; and
    - (iii) any person appointed by the [<sup>F145</sup>FCA or the PRA] to carry out functions under this Act or the 1974 Act.
- (2) This section applies to information which—
  - (a) relates to the business or other affairs of a friendly society, a registered branch of a friendly society or any other person;
  - (b) was received by a primary recipient (within the meaning of subsection (1)(b)) for the purposes of, or in the discharge of, any functions of the [<sup>F146</sup>FCA or the PRA] under any provision made by or under this Act or the 1974 Act; and
  - (c) is not excluded information by virtue of subsection (4).
- (3) It is immaterial for the purposes of subsection (2) whether or not the information was received—
  - (a) by virtue of a requirement to provide it imposed by or under this Act;
  - (b) for other purposes as well as purposes mentioned in that subsection.
- (4) Information is excluded information if—
  - (a) it has been made available to the public by virtue of being disclosed in any circumstances in which, or for any purposes for which, disclosure is not precluded by section 348 of the Financial Services and Markets Act 2000 (restrictions on disclosure of confidential information); or
  - (b) it is in the form of a summary or collection of information so framed that it is not possible to ascertain from it information relating to any particular person.]

### **Textual Amendments**

- F142** S. 63A substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for ss. 63, 64 by S.I. 2001/2617, art. 2, 8(1), 13(1), **Sch. 3, Pt. 1 para. 78** (with art. 13(3), Sch. 5); S.I. 2001/3538. art. 2(1)
- F143** S. 63A(1)(b)(i)(ia) substituted for s. 63A(1)(b)(i) (1.4.2013) by **The Financial Services Act 2012 (Mutual Societies) Order 2013** (S.I. 2013/496), art. 1(1), **Sch. 9 para. 23(2)** (with Sch. 12)
- F144** Words in s. 63A(1)(b)(ii) substituted (1.4.2013) by **The Financial Services Act 2012 (Mutual Societies) Order 2013** (S.I. 2013/496), art. 1(1), **Sch. 9 para. 23(3)** (with Sch. 12)
- F145** Words in s. 63A(1)(b)(iii) substituted (1.4.2013) by **The Financial Services Act 2012 (Mutual Societies) Order 2013** (S.I. 2013/496), art. 1(1), **Sch. 9 para. 23(3)** (with Sch. 12)
- F146** Words in s. 63A(2)(b) substituted (1.4.2013) by **The Financial Services Act 2012 (Mutual Societies) Order 2013** (S.I. 2013/496), art. 1(1), **Sch. 9 para. 23(3)** (with Sch. 12)

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*Inspections etc.*

**65 Investigations on behalf of [<sup>F159</sup>FCA or PRA].**

- (1) If it appears to the [<sup>F160</sup>FCA or the PRA] desirable to do so for the purpose of its supervisory functions in relation to a friendly society, the [<sup>F160</sup>FCA or the PRA] may appoint one or more competent persons to investigate and report to it on the state and conduct of the activities of the society, or any particular aspect of those activities.

<sup>F161</sup>(1A) . . . . .

- (2) If a person appointed under subsection (1) <sup>F162</sup>. . . above thinks it necessary for the purposes of his investigation, he may also investigate the activities of any body corporate which is or has at any relevant time been a subsidiary of, or jointly controlled by, the society under investigation.

- (3) It shall be the duty of every person who is or has been an officer, employee and agent of a friendly society or other body which is under investigation—

- (a) to produce to the persons appointed under subsection (1) <sup>F162</sup>. . . above all records, books and papers relating to the body concerned which are in his custody or power; and  
(b) to attend before those persons when required to do so;  
(c) to answer any question which is put to him by those persons with respect to any friendly society or other body which is under investigation,

and otherwise to give to those persons all assistance in connection with the investigation which he is reasonably able to give.

<sup>F161</sup>(3A) . . . . .

- (4) A person who, without reasonable excuse—

- (a) fails to produce any records, books or papers which it is his duty to produce under subsection (3)(a) above; or  
(b) fails to comply with his duty under subsection (3)(b) or (c) above;

shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

- (5) A person who is or has been an officer, employee or agent of a friendly society or other body and who knowingly or recklessly furnishes to any person appointed under subsection (1) <sup>F162</sup>. . . above any information which is false or misleading in a material particular, shall be guilty of an offence and liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both; and  
(b) on summary conviction, to a fine not exceeding the statutory maximum.

[<sup>F163</sup>(5A) In relation to a friendly society to which section 37(2) or (3) above applies, any reference in subsection (3) or (5) above to a person who is or has been an officer shall be read as including a reference to a person who is or has been a controller or manager.]

- (6) In this section—

“agent”, in relation to a friendly society or other body whose activities are under investigation, includes its bankers, accountants, solicitors and auditors and the appropriate actuary;

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“the purposes of its supervisory functions”, in relation to the [F<sup>160</sup>FCA or the PRA], has the same meaning as in section 62 above.

#### Textual Amendments

- F159** Words in s. 65 heading substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 25](#) (with [Sch. 12](#))
- F160** Words in s. 65 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 24](#) (with [Sch. 12](#))
- F161** [S. 65\(1A\)\(3A\)](#) repealed (1.12.2001) by [S.I. 2001/2617](#), [arts. 2, 13\(2\)](#), [Sch. 4](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F162** Words in [s. 65\(2\)\(3\)\(5\)](#) repealed (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), [arts. 2, 8\(1\), 13](#), [Sch. 3 para. 79\(b\)\(ii\)](#); [Sch. 4](#) (with [art. 13\(3\)](#), [Sch. 5](#))
- F163** Words in [s. 65\(2\)\(3\)](#) inserted (1.9.1994) by [S.I. 1994/1984](#), [reg. 19\(2\)](#)  
[S. 65\(5A\)](#) inserted (1.9.1994) by [S.I. 1994/1984](#) [reg. 19\(5\)](#)

#### Commencement Information

- I13** [S. 65](#) wholly in force; [s. 65](#) not in force at Royal Assent see [s. 126\(2\)](#); [s. 65](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 1](#); [s. 65](#) in force for all remaining purposes at 28.4.1993 by [S.I. 1993/1186](#), [art. 2\(2\)](#), [Sch. 2](#)

## 66 Inspections and special meetings: general.

- (1) In the circumstances mentioned in subsection (2) below, the [F<sup>164</sup>FCA or the PRA] may—
- (a) appoint one or more competent inspectors to investigate and report on the affairs of a friendly society; or
  - (b) call a special meeting of a friendly society to consider its affairs; or
  - (c) appoint (whether on the same or on different occasions) an inspector or inspectors and call a special meeting for those purposes;
- and, in the circumstances mentioned in subsection (3) below, the investigation or consideration may extend to the affairs of any body corporate which is or at any relevant time has been a subsidiary of or jointly controlled by the society concerned.
- (2) The powers conferred by subsection (1) above may be exercised either—
- (a) on the application of the requisite number of members of the society concerned; or
  - (b) where the is of the opinion that an investigation should be held into the affairs of the society, or that the affairs of the society call for consideration by a meeting of its members;
- but paragraph (a) above shall not apply to a registered society with branches (regardless of the number of members) except with the consent of the central body of that society.
- (3) The powers conferred by subsection (1) above may be exercised so as to extend the investigation or consideration to the affairs of a body which is or has been a subsidiary of or jointly controlled by a friendly society either—
- (a) where an application referred to in subsection (2)(a) above so requests; or
  - (b) where the [F<sup>164</sup>FCA or the PRA] is of the opinion that it is necessary for the purposes of the investigation into or consideration of the affairs of the

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friendly society that the affairs of the subsidiary or other body should also be investigated or considered.

- (4) Where the inspectors are of the opinion mentioned in subsection (3)(b) above in relation to a subsidiary of or a body jointly controlled by the society under investigation they may, with the consent of the , extend their investigation to the affairs of the subsidiary or other body and make their report accordingly.
- (5) For the purposes of subsections (1) to (3) above the requisite number of members—
  - (a) in the case of a friendly society having more than 1,000 members, is 100; and
  - (b) in the case of any other friendly society, is one-tenth of the whole number of members of the society.
- (6) Where an application is made as mentioned in subsection (2) above—
  - (a) the application shall be supported by such evidence as the [F<sup>164</sup>FCA or the PRA] may require for the purpose of showing that the applicants have good reason for making the application and are not actuated by malicious, frivolous, vexatious or scandalous motives;
  - (b) such notice of the application shall be given to the society concerned and, if the application extends to the affairs of a subsidiary of or body jointly controlled by that society, to that subsidiary or other body, as the [F<sup>164</sup>FCA or the PRA] may direct;
  - (c) the [F<sup>164</sup>FCA or the PRA] may require the applicants to give security for payment of the costs of the investigation or meeting before the inspector is appointed or the meeting is called subject, in the case of the costs of an investigation, to an amount not exceeding the corresponding Companies Act limit; and
  - (d) as regards the expenses of or incidental to the investigation or meeting—
    - (i) in the case of an investigation (in whichever way instituted), the expenses shall be defrayed in the first instance by the [F<sup>164</sup>FCA or the PRA] but without prejudice to its rights to contribution under section 67(10) below;
    - (ii) in the case of a meeting, the expenses shall be defrayed by the applicants, or out of the funds of the society, or by the members or officers or former members or officers of the society, in such proportions as the [F<sup>164</sup>FCA or the PRA] may direct.
- (7) Before exercising its powers under subsection (1) above in a case falling within subsection (2)(b) above, the [F<sup>164</sup>FCA or the PRA] shall inform the society of the action which it proposes to take and the grounds for that action, and the society shall, within 14 days of receiving the information, be entitled to give the [F<sup>164</sup>FCA or the PRA] an explanatory statement in writing by way of a reply.
- (8) Where the [F<sup>164</sup>FCA or the PRA] proposes to exercise its powers under subsection (1) above in a case falling within subsection (3)(b) above, subsection (7) above shall apply in relation to the subsidiary or jointly controlled body as it applies in relation to the society.
- (9) Inspectors appointed under this section shall, in addition to having the powers which are necessary for or incidental to the discharge of their functions under this section, have the power specified in section 67 below.
- (10) Where a special meeting is called under this section—
  - (a) the [F<sup>164</sup>FCA or the PRA] may—

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- (i) direct at what time and place the meeting is to be held and what matters are to be discussed and determined at the meeting; and
  - (ii) direct which members may attend and vote at the meeting,
- and may give such other directions as it thinks fit with respect to the call, holding and conduct of the meeting;
- (b) the [<sup>F164</sup>FCA or the PRA] may appoint a person to be chairman at the meeting or, in default of such an appointment, the meeting may appoint its own chairman;
  - (c) the meeting shall have all the powers of a meeting called according to the rules of the society;

and the provisions of this subsection and any direction given under it shall have effect notwithstanding anything in the rules of the society.

- (11) In this section “the corresponding Companies Act limit”, in relation to security for the payment of the costs of an investigation, is £5,000 or such other sum as is specified for the time being in an order under section 431(4) of the <sup>M11</sup>Companies Act 1985 <sup>F165</sup>....

#### Textual Amendments

**F164** Words in s. 66 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 26** (with Sch. 12)

**F165** Words in s. 66(11) omitted (1.10.2009) by virtue of [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 133(2)** (with art. 10)

#### Commencement Information

**I14** S. 66 wholly in force; s. 66 not in force at Royal Assent see s. 126(2); s. 66 in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, **Sch. 1**; s. 66 in force for all remaining purposes at 28.4.1993 by 1993/1186, art. 2(2), Sch. 2

#### Marginal Citations

**M11** 1985 c. 6.

## 67 Inspections: supplementary provision.

- (1) In this section—

“the body under investigation” means—

- (i) the friendly society whose affairs are the subject of the investigation, or
- (ii) the friendly society, and each subsidiary of or body jointly controlled by the society, whose affairs are so subject,

as the case may be;

“the inspectors” means the person appointed by the [<sup>F166</sup>FCA or the PRA] under section 66 above to conduct the investigation;

“the investigation” means the investigation under section 66 above which the inspectors have been appointed to hold;

and references to officers, employees or agents include past, as well as present, officers, employees or agents; and “agents”, in relation to a friendly society or any subsidiary of or body jointly controlled by an incorporated friendly society, includes its bankers, accountants, solicitors and auditors and the appropriate actuary.

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- (2) When the inspectors have been appointed, it is the duty of all officers, employees and agents of the body under investigation—
    - (a) to produce to the inspectors all documents and material of or relating to the body under investigation which are in their custody or power;
    - (b) to attend before the inspectors when required to do so; and
    - (c) otherwise to give the inspectors all assistance in connection with the investigation which they are reasonably able to give.
  - (3) If the inspectors consider that a person other than an officer, employee or agent of the body under investigation is or may be in possession of information concerning its affairs, they may require that person to produce to them any documents or material in his custody or power relating to the body under investigation, to attend before them and otherwise to give them all assistance in connection with the investigation which he is reasonably able to give; and it is that person's duty to comply with the requirement.
  - (4) The inspectors may examine on oath the officers, employees and agents of the body under investigation, and any such person as is mentioned in subsection (3) above, in relation to the affairs of the body under investigation, and may administer an oath accordingly.
  - (5) An answer given by a person to a question put to him under the foregoing provisions of this section may be used in evidence against him.
- [<sup>F167</sup>(5A) However, in criminal proceedings in which that person is charged with an offence to which this subsection applies—
- (a) no evidence relating to the statement may be adduced, and
  - (b) no question relating to it may be asked,
- by or on behalf of the prosecution, unless evidence relating to it is adduced, or a question relating to it is asked, in the proceedings by or on behalf of that person.
- (5B) Subsection (5A) above applies to any offence other than—
- (a) an offence under section 2 or 5 of the <sup>M12</sup>Perjury Act 1911 (false statements made on oath otherwise than in judicial proceedings or made otherwise than on oath);
  - (b) an offence under section 44(1) or (2) of the <sup>M13</sup>Criminal Law (Consolidation) (Scotland) Act 1995 (false statements made on oath or otherwise than on oath); or
  - (c) an offence under Article 7 or 10 of the Perjury (Northern Ireland) Order 1979 (false statements made on oath otherwise than in judicial proceedings or made otherwise than on oath).]
    - (6) If an officer, employee or agent of the body under investigation or any such person as is mentioned in subsection (3) above—
      - (a) refuses to produce any document or material which it is his duty under this section to produce; or
      - (b) refuses to attend before the inspectors when required to do so; or
      - (c) refuses to answer any question put to him by the inspectors with respect to the affairs of the body under investigation,the inspectors may certify the refusal in writing to the High Court; and the court may thereupon enquire into the case and, after hearing any witnesses who may be produced against or on behalf of the alleged offender and after hearing any statement which may

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be offered in defence, may punish the offender in like manner as if he had been guilty of contempt of the court.

- (7) The inspectors may, and if so directed by the [F166FCA or the PRA] shall, make interim reports to the [F166FCA or the PRA], but they may at any time in the course of the investigation, without making an interim report, inform the [F166FCA or the PRA] of matters coming to their knowledge as a result of the investigation tending to show that an offence has been committed.
- (8) The [F166FCA or the PRA] may, if it thinks fit—
- (a) send a copy of any report made by the inspectors to the body whose affairs are or were the subject of the investigation;
  - (b) furnish a copy of any such report on request F168 . . . to—
    - (i) any member of the body whose affairs are or were the subject of the investigation;
    - (ii) the auditors of that body;
    - (iii) any person whose conduct is referred to in the report;
    - (iv) any other person whose financial interests appear to the [F166FCA or the PRA] to be affected by matters dealt with in the report, whether as creditor or otherwise; and
  - (c) cause the report to be printed and published.

[F169(8A) The [F166FCA or the PRA] may charge a reasonable fee for furnishing to any person a copy of a report under subsection (8)(b) above.]

- (9) A copy of a report of inspectors appointed under section 66 above to hold an investigation under that section, certified by the [F166FCA or the PRA] to be a true copy, is admissible in any legal proceedings as evidence of the opinion of the inspectors in relation to any matter contained in the report; and a document purporting to be such a certificate shall be received in evidence and be deemed to be such a certificate, unless the contrary is proved.
- (10) The [F166FCA or the PRA] shall be entitled to be repaid the expenses of the investigation defrayed by it under section 66(6)(d) above as provided in the following paragraph, that is to say—
- (a) by the applicants for the investigation, to such extent (if any) as the [F166FCA or the PRA] may direct;
  - (b) by any body whose affairs were the subject of the investigation, to such extent (if any) as the [F166FCA or the PRA] may direct;
  - (c) by any person convicted of an offence in proceedings instituted as a result of the investigation, to such extent (if any) as the court by or before which he was convicted may order;

and a person liable under any one of paragraphs (a) to (c) above is entitled to contribution from any other person liable under the same paragraph, according to the amount of their respective liabilities under it.

[F170(10A) In relation to a friendly society to which section 37(2) or (3) above applies—

- (a) any reference in subsection (1), (2) or (4) above to officers shall be read as including a reference to controllers or managers; and
- (b) any reference in subsection (3) or (6) above to an officer shall be read as including a reference to a controller or manager.]



*Status: Point in time view as at 29/06/2017.*

*Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(11) In the application of this section to a friendly society whose registered office is in Scotland or Northern Ireland, any reference to the High Court shall be read as a reference to the Court of Session or, as the case may be, to the High Court in Northern Ireland.

#### Textual Amendments

- F166** Words in s. 67 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 27](#) (with [Sch. 12](#))
- F167** [S. 67\(5A\)\(5B\)](#) inserted (14.4.2000 in relation to England and Wales and to Northern Ireland and 1.1.2001 in relation to Scotland) by [1999 c. 23, s. 59](#), [Sch. 3 para. 24](#) (with [s. 63\(2\)](#), [Sch. 7 para. 3\(3\)](#)); [S.I. 2000/1034](#), [art. 2](#); [S.S.I. 2000/445](#), [art. 2](#)
- F168** Words in s. 67(8)(b) repealed (1.12.2001) by [S.I. 2001/2617](#), [arts. 2, 13\(2\)](#), [Sch. 4](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F169** [S. 67\(8A\)](#) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), [arts. 2, 8\(1\), 13\(1\)](#), [Sch. 3 para. 81\(c\)](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F170** [S. 67\(10A\)](#) inserted (1.9.1994) by [S.I. 1994/1984](#) reg. 20

#### Commencement Information

- I15** [S. 67](#) wholly in force; [s. 67](#) not in force at Royal Assent see [s. 126\(2\)](#); [s. 67](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 1](#); [s. 67](#) in force for all remaining purposes at 28.4.1993 by [S.I. 1993/1186](#), [art. 2\(2\)](#), [Sch. 2](#)

#### Marginal Citations

- M12** 1911 c. 6.  
**M13** 1995 c. 39.

<sup>F171</sup>**67A** .....

#### Textual Amendments

- F171** [Ss. 67A–67D](#) repealed (1.12.2001) by [S.I. 2001/2617](#), [arts. 2\(b\), 13\(2\)](#), [Sch. 4](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)

<sup>F172</sup>**67B** .....

#### Textual Amendments

- F172** [Ss. 67A–67D](#) repealed (1.12.2001) by [S.I. 2001/2617](#), [arts. 2\(b\), 13\(2\)](#), [Sch. 4](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)

<sup>F173</sup>**67C** .....

*Status: Point in time view as at 29/06/2017.*

*Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

#### Textual Amendments

**F173** Ss. 67A-67D repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

<sup>F174</sup> **67D** .....

#### Textual Amendments

**F174** Ss. 67A-67D repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

## PART VI

### ACCOUNTS AND AUDIT

*Records* <sup>F175</sup> . . .

#### Textual Amendments

**F175** Words in the cross-heading repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 4); S.I. 2001/3538, **art. 2(1)**

### 68 Accounting records <sup>F176</sup>...

- (1) Every friendly society and every registered branch shall—
  - (a) cause accounting records to be kept; <sup>F177</sup> . . .
  - <sup>F177</sup>(b) .....  
in accordance with this section.
- (2) The accounting records must be sufficient to show and explain the transactions of the society or branch and—
  - (a) disclose, with reasonable accuracy and promptness, the financial position of the society or branch at any time;
  - (b) enable the committee of management properly to discharge the duties imposed on them by or under this Act or the 1974 Act [<sup>F178</sup>(and, where applicable, Article 4 of the IAS Regulation)] and their function of direction of the affairs of the society or branch; and
  - (c) enable the society or branch properly to discharge the duties imposed on it by or under this Act or the 1974 Act [<sup>F178</sup>(and, where applicable, Article 4 of the IAS Regulation)],  
and must be kept in an orderly manner.
- (3) The accounting records shall in particular contain—
  - (a) entries from day to day of all sums received and paid by the society or branch and the matters in respect of which they are received or paid;

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- (b) entries from day to day of every transaction entered into by the society or branch which will or there is reasonable ground for expecting may give rise to liabilities or assets of the society or branch other than insignificant assets or liabilities in respect of the management of the society or branch; and
- (c) a record of the assets and liabilities of the society or branch.

<sup>F179</sup>(4) . . . . .

<sup>F179</sup>(5) . . . . .

<sup>F179</sup>(6) . . . . .

<sup>F179</sup>(7) . . . . .

(8) The accounting records shall be kept at the registered office of the society or branch or at such other place or places as the committee of management thinks fit, and shall at all times be open to inspection by the committee of management.

(9) Accounting records shall be preserved for 6 years from the date on which they were made.

(10) Where an incorporated friendly society has subsidiaries or jointly controls other bodies, the society shall also secure that such accounting records are kept <sup>F180</sup> . . . by them as will enable the society to comply with the requirements of this section in relation to the business of the society and those subsidiaries and jointly controlled bodies.

<sup>F181</sup>(11) . . . . .

**Textual Amendments**

**F176** Words in the sidenote to s. 68 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F177** S. 68(1)(b) and the word “and” immediately preceding it repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F178** Words in s. 68(2)(b)(c) inserted (with effect in accordance with art. 1(2) of the amending S.I.) by The Friendly Societies Act 1992 (International Accounting Standards and Other Accounting Amendments) Order 2005 (S.I. 2005/2211), art. 1(2), **Sch. para. 1**

**F179** S. 68(4)-(7) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F180** Words in s. 68(10) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F181** S. 68(11) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**Commencement Information**

**I16** S. 68 wholly in force; s. 68 not in force at Royal Assent see s. 126(2); s. 68 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 68 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

*Status: Point in time view as at 29/06/2017.*

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### *Annual accounts of friendly societies and registered branches*

#### <sup>F182</sup>69 Duty to prepare accounts.

.....

#### **Textual Amendments**

**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)

#### <sup>F182</sup>69A Duty to prepare individual accounts

- (1) The committee of management of every friendly society or registered branch must prepare accounts for the society or branch for each of its financial years. Those accounts are referred to in this Part as the society’s or branch’s “individual accounts”.
- (2) The individual accounts of a friendly society or registered branch of a society may be prepared—
  - (a) in accordance with section 69B (“Friendly Societies Act individual accounts”), or
  - (b) in accordance with international accounting standards (“IAS individual accounts”).

This subsection is subject to subsection (3) and section 69I (consistency of accounts).

- (3) After the first financial year in which the committee of management of a friendly society or registered branch prepares IAS individual accounts (“the first IAS year”), all subsequent individual accounts of the society or branch must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.
- (4) There is a relevant change of circumstance if, at any time during or after the first IAS year—
  - (a) the society or branch becomes a subsidiary undertaking of another undertaking and individual accounts for that undertaking are not prepared in accordance with international accounting standards,
  - (b) the society or branch ceases to be a society or part of a society with securities admitted to trading on a regulated market, or
  - (c) a parent undertaking of the society or branch ceases to be an undertaking with securities admitted to trading on a regulated market.

In this subsection “regulated market” has the same meaning as it has in <sup>F183</sup>[<sup>F184</sup>Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004]<sup>F184</sup>[<sup>F184</sup>Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014] on markets in financial instruments].

- (5) If, having changed to preparing Friendly Societies Act individual accounts following a relevant change of circumstance, the committee of management again prepares IAS individual accounts for the society or branch, subsections (3) and (4) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

*Status: Point in time view as at 29/06/2017.*

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### Textual Amendments

- F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)
- F183** Words in s. 69A(4) substituted (1.4.2007 for specified purposes, 1.11.2007 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2007 \(S.I. 2007/126\)](#), reg. 1(2), **Sch. 6 para. 10(2)**
- F184** Words in s. 69A(4) substituted (29.6.2017 for specified purposes) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2017 \(S.I. 2017/701\)](#), reg. 1(2)(3)(4)(6), **Sch. 4 para. 3(2)** (with reg. 7)

## 69B. Friendly Societies Act individual accounts

- (1) Friendly Societies Act individual accounts must comprise—
  - (a) a balance sheet as at the last day of the financial year, and
  - (b) an income and expenditure account.
- (2) The balance sheet must give a true and fair view of the state of affairs of the society or branch as at the end of the financial year; and the income and expenditure account must give a true and fair view of the income and expenditure of the society or branch for the financial year.
- (3) Friendly Societies Act individual accounts must comply with the requirements of regulations made under section 69C as to the form and content of the balance sheet and income and expenditure account and additional information to be provided by way of notes to the accounts or otherwise.
- (4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society's or branch's individual accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.
- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the committee of management must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.
- (7) The Treasury may by regulations –
  - (a) add to the classes of documents to be comprised in a society's or branch's Friendly Societies Act individual accounts under subsection (1);
  - (b) make provision as to the matters to be included in any document so added;
  - (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society's or branch's Friendly Societies Act individual accounts;
  - (d) reduce the classes of documents to be comprised in a society's or branch's Friendly Societies Act individual accounts.
- (8) Regulations under subsection (7) –
  - (a) may make different provision for different cases, and

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- (b) may include incidental and supplementary provisions.

#### Textual Amendments

**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)

### 69C. Form and contents of Friendly Societies Act individual accounts

- (1) The Treasury must by regulations make provision with respect to the form and content of Friendly Societies Act individual accounts.
- (2) The Treasury may by regulations make provision with respect to additional information to be contained in Friendly Societies Act individual accounts, whether in the form of notes or otherwise.
- (3) The regulations may, in particular–
  - (a) prescribe accounting principles and rules;
  - (b) require corresponding information for a preceding financial year;
  - (c) make different provision for different descriptions of society or branch.

#### Textual Amendments

**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)

### 69D. IAS individual accounts

Where the committee of management of a friendly society prepare IAS individual accounts for a society or branch, it must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

#### Textual Amendments

**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)

### 69E. Duty to prepare group accounts

- (1) If at the end of a financial year an incorporated friendly society has subsidiary undertakings, the committee of management, in addition to preparing individual accounts for the year, must prepare consolidated accounts for the year for the society and those undertakings taken as a whole, except as provided by regulations under subsection (7).

Those accounts are referred to in this Part as the society’s “group accounts”.

*Status: Point in time view as at 29/06/2017.*

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- (2) Certain friendly societies are obliged by Article 4 of the IAS Regulation to prepare their group accounts in accordance with international accounting standards (“IAS group accounts”).
- (3) The group accounts of other friendly societies may be prepared –
  - (a) in accordance with section 69F (“Friendly Societies Act group accounts”), or
  - (b) in accordance with international accounting standards (“IAS group accounts”).

This subsection is subject to the following provisions of this section and section 69I (consistency of accounts).

- (4) After the first financial year in which the committee of management of a friendly society prepares IAS group accounts (“the first IAS year”), all subsequent group accounts of the society must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.
- (5) There is a relevant change of circumstance if, at any time during or after the first IAS year—
  - (a) the society becomes a subsidiary undertaking of another undertaking and accounts for that undertaking and its subsidiary undertakings (taken as a whole) are not prepared in accordance with international accounting standards,
  - (b) the society ceases to be a society with securities admitted to trading on a regulated market, or
  - (c) a parent undertaking of the society ceases to be an undertaking with securities admitted to trading on a regulated market.

In this subsection “regulated market” has the same meaning as it has in <sup>F185</sup>[<sup>F186</sup>Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004]<sup>F186</sup>[<sup>F186</sup>Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014] on markets in financial instruments].

- (6) If, having changed to preparing Friendly Societies Act group accounts following a relevant change of circumstance, the committee of management again prepares IAS group accounts for the society, subsections (4) and (5) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.
- (7) The Treasury may by regulations exempt specified descriptions of incorporated friendly societies with subsidiaries from any duty to prepare group accounts.
- (8) Regulations under subsection (7) may exempt societies by reference to any criterion and may make different provision for different descriptions of societies.

#### Textual Amendments

**F182** Ss. 69A–69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), **2** (with art. 8)

**F185** Words in s. 69E(5) substituted (1.4.2007 for specified purposes, 1.11.2007 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2007 \(S.I. 2007/126\)](#), reg. 1(2), **Sch. 6 para. 10(3)**



*Status: Point in time view as at 29/06/2017.*

*Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**F186** Words in s. 69E(5) substituted (29.6.2017 for specified purposes) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2017 \(S.I. 2017/701\)](#), reg. 1(2)(3)(4)(6), [Sch. 4 para. 3\(3\)](#) (with reg. 7)

## 69F. Friendly Societies Act group accounts

- (1) Friendly Societies Act group accounts must comprise—
  - (a) a balance sheet dealing with the state of affairs of the society and its subsidiary undertakings;
  - (b) an income and expenditure account showing the income and expenditure of the society and its subsidiary undertakings.
- (2) Friendly Societies Act group accounts must give a true and fair view of the state of affairs as at the end of the financial year, and the income and expenditure for the financial year, of the society and the subsidiary undertakings included in the group accounts as a whole, so far as concerns the members of the society.
- (3) Friendly Societies Act group accounts must comply with the requirements of regulations made under section 69G as to the form and content of the group accounts and additional information to be provided by way of notes to the accounts or otherwise.
- (4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society's group accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.
- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the committee of management must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.
- (7) The Treasury may by regulations—
  - (a) add to the classes of documents to be comprised in a society's Friendly Societies Act group accounts under subsection (1);
  - (b) make provision as to the matters to be included in any document so added;
  - (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society's Friendly Societies Act group accounts; and
  - (d) reduce the classes of documents to be comprised in a society's Friendly Societies Act group accounts.
- (8) Regulations under subsection (7)—
  - (a) may make different provision for different descriptions of society; and
  - (b) may include incidental and supplementary provisions.

### Textual Amendments

**F182** [Ss. 69A-69I](#) substituted for [ss. 69, 70](#) (with effect in accordance with [art. 1\(2\)](#) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), [arts. 1\(2\), 2](#) (with [art. 8](#))



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### **69G. Form and content of Friendly Societies Act group accounts**

- (1) The Treasury must by regulations make provision with respect to the form and content of Friendly Societies Act group accounts.
- (2) The Treasury may by regulations make provision with respect to additional information to be contained in Friendly Societies Act group accounts, whether in the form of notes or otherwise.
- (3) The regulations may, in particular—
  - (a) prescribe accounting principles and rules;
  - (b) require corresponding information for a preceding financial year; and
  - (c) make different provision for different descriptions of society.

#### **Textual Amendments**

**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)

### **69H. IAS group accounts**

Where the committee of management of a friendly society prepares IAS group accounts, it must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

#### **Textual Amendments**

**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)

### **69I. Consistency of accounts**

- (1) The committee of management of a friendly society that prepares group accounts must secure that the individual accounts of—
  - (a) the friendly society,
  - (b) each of its subsidiary undertakings, and
  - (c) each of its registered branches,are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.
- (2) Subsection (1) only applies to accounts of subsidiary undertakings which are—
  - (a) required to be prepared under <sup>F187</sup>Part 15 of the Companies Act 2006], or
  - (b) required to be prepared under Part 6 of this Act.
- (3) Subsection (1) does not require accounts of undertakings that are charities to be prepared using the same financial reporting framework as accounts of undertakings which are not charities.

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- (4) Subsection (1)(a) does not apply where the committee of management of a friendly society prepares IAS group accounts and IAS individual accounts.
- (5) The committee of management of a society which has subsidiary undertakings must ensure that, except where in its opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the society's own financial year.]

#### Textual Amendments

**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 2 (with art. 8)

**F187** Words in s. 69I(2)(a) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 183** (with arts. 6, 11, 12)

#### [<sup>F188</sup> 69J Disclosures relating to members of the committee of management and employees of the society

- (1) The information specified in Schedule 13D must be given in notes to a friendly society's or a registered branch's annual accounts, subject to the provisions of subsection (5).
- (2) In that Schedule—
  - Part 1 relates to emoluments and other benefits of members of the committee of management and others and to loans and other dealings in favour of members of the committee and connected persons; and
  - Part 2 relates to information about the employees of a society.
- (3) It is the duty of any member of the committee of management, and any person who has been at any time in the preceding five years a member of the committee, to give notice to the society of such matters relating to himself as may be necessary for the purposes of Part 1 of Schedule 13D.
- (4) A person who makes default in complying with subsection (3) commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (5) Paragraphs 11 and 13 of Schedule 13D do not apply to non-directive friendly societies or their registered branches.
- (6) The annual accounts of a friendly society which is required to produce group accounts under section 69E must include the material specified by paragraphs 11 to 13 not only in respect of the society but also in respect of the society and its subsidiaries in combination.
- (7) The Treasury may, by order, modify the provisions of Schedule 13D.
- (8) An order under this section may—
  - (a) make consequential amendments or repeals of other provisions of this Act;
  - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
  - (c) make different provision for different cases.

*Status: Point in time view as at 29/06/2017.*

*Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

#### Textual Amendments

**F188** Ss. 69J, 69K inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), art. 1(2), **Sch. para. 2**

### 69K Disclosures about related undertakings

- (1) The information specified in Schedule 13E must be given in notes to a friendly society's or a registered branch's annual accounts.
- (2) In the case of a friendly society whose committee of management is not required to prepare consolidated accounts, the information specified in Part 1 of that Schedule must be given.
- (3) In the case of a friendly society whose committee of management is required to prepare consolidated accounts, the information specified in Part 2 of that Schedule must be given.
- (4) The Treasury may, by order, modify the provisions of Schedule 13E.
- (5) An order under this section may also—
  - (a) make consequential amendments of or repeals in other provisions of this Act;
  - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
  - (c) make different provision for different cases.]

#### Textual Amendments

**F188** Ss. 69J, 69K inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), art. 1(2), **Sch. para. 2**

### [<sup>F189</sup>69L. Disclosures relating to off-balance-sheet arrangements

- (1) If in any financial year—
  - (a) a friendly society or registered branch has been party to arrangements that are not reflected in its balance sheet, and
  - (b) at the balance sheet date the risks or benefits arising from those arrangements are material,the information required by this section must be given in notes to the society's or branch's annual accounts.
- (2) The information required is—
  - (a) the nature and business purpose of the arrangements, and
  - (b) the financial impact of the arrangements on the society or branch.
- (3) The information need only be given to the extent necessary for enabling the financial position of the society or branch to be assessed.

*Status: Point in time view as at 29/06/2017.*

*Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (4) Where a friendly society is required to prepare consolidated group accounts, this section applies in relation to those accounts as if the undertakings included in the consolidation were a single friendly society.]

**Textual Amendments**  
**F189** S. 69L inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **3**

**[<sup>F190</sup>69M] Disclosure of auditor remuneration**

- (1) The information specified in Schedule 13F must be given in notes to a friendly society’s or a registered branch’s annual accounts.
- (2) The Treasury may, by order, modify the provisions of Schedule 13F.
- (3) An order under this section may—
  - (a) make consequential amendments or repeals of other provisions of this Act;
  - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient, or
  - (c) make different provision for different cases.]

**Textual Amendments**  
**F190** S. 69M inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **4(1)**

**<sup>F182</sup>70 Contents and form of annual accounts.**

.....

**Textual Amendments**  
**F182** Ss. 69A-69I substituted for ss. 69, 70 (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), **2** (with art. 8)

*Committee of management’s annual report*

**71 Report on a friendly society’s affairs by the committee of management.**

- (1) The committee of management of a friendly society shall prepare for submission to the annual general meeting of the society a report on the activities of the society containing—
  - <sup>F191</sup>(a) a fair review of the business of the society, its subsidiary undertakings and bodies that it jointly controls (if any) complying with section 71A;

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- (aa) a description of the principal risks and uncertainties facing the society, its subsidiary undertakings and bodies that it jointly controls (if any);]
  - (b) such information relating to such aspects of the activities of the society as may be prescribed by regulations made by the <sup>F192</sup> . . . Treasury; and
  - (c) a statement whether any and, if so, what activities carried on during the year by the society are believed to have been carried on outside its powers.
- [<sup>F193</sup>(1A) If the friendly society has subsidiary undertakings, the report may, where appropriate, give greater emphasis to those matters which are significant to the society and its subsidiary undertakings taken as a whole.]
- (2) Where an incorporated friendly society has subsidiaries or jointly controls other bodies, the report shall-
- (a) contain such information relating to such aspects of the activities of any subsidiaries or bodies which it jointly controls as may be prescribed by regulations made by the <sup>F192</sup> . . . Treasury;
  - <sup>F194</sup>(b) . . . . .
  - (c) contain a statement whether any and, if so, what activities carried on during the year by any of its subsidiaries or by any body which it jointly controls are believed to have been carried on outside the powers of the subsidiary or jointly controlled body.
- (3) If a report under this section does not contain the prescribed information or the information in the report is not given in accordance with the regulations, each member of the committee of management shall be guilty of an offence and liable—
- (a) on conviction on indictment, to a fine; and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

**Textual Amendments**

- F191** S. 71(1)(a)(aa) substituted for s. 71(1)(a) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), **3(2)**
- F192** Words in s. 71(1)(b)(2)(a) repealed (1.12.2001) by [S.I. 2001/2617](#), arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), **art. 2(1)**
- F193** S. 71(1A) inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), **3(3)**
- F194** S. 71(2)(b) omitted (with effect in accordance with art. 1(2) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), **3(4)**

**Modifications etc. (not altering text)**

- C12** S. 71(1)(b): functions of Friendly Societies Commission transferred (1.12.2001) to the Treasury by [S.I. 2001/2617](#), arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); [S.I. 2001/3538](#), **art. 2(1)**
- C13** S. 71(2)(a): functions of Friendly Societies Commission transferred (1.12.2001) to the Treasury by [S.I. 2001/2617](#), arts. 2(b), 4(1), Sch. 1 Pt. II (with art. 5); [S.I. 2001/3538](#), **art. 2(1)**

**Commencement Information**

- I17** S. 71 wholly in force; s. 71 not in force at Royal Assent see [s. 126\(2\)](#); s. 71 in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, **Sch. 1**; s. 71(1)(2) in force for certain purposes

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13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 4; s. 71 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

## [<sup>F195</sup>71A Business review

- (1) The review required for the purposes of section 71(1)(a) is a balanced and comprehensive analysis of—
  - (a) the development and performance of the business of the friendly society, its subsidiary undertakings and bodies that it jointly controls (if any) during the financial year, and
  - (b) the position of the friendly society, its subsidiary undertakings and bodies that it jointly controls (if any) at the end of that year, consistent with the size and complexity of the business.
- (2) The review must, to the extent necessary for an understanding of the development, performance or position of the business of the society, its subsidiary undertakings and bodies that it jointly controls (if any), include—
  - (a) analysis using financial key performance indicators, and
  - (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.
- (3) The review must, where appropriate, include references to additional explanations of amounts included in the annual accounts of the society.
- (4) In this section “key performance indicators” means factors by reference to which the development, performance or position of the business of the society, any subsidiary undertakings it has and any bodies that it jointly controls, can be measured effectively.]

### Textual Amendments

**F195** S. 71A inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), arts. 1(2), 4

## *Auditors*

### 72 Auditors’ appointment, tenure, qualifications, etc.

- (1) Every friendly society and every registered branch shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting.
- (2) Schedule 14 to this Act has effect as regards—
  - (a) the appointment of auditors;
  - (b) their qualifications and grounds of disqualification;
  - (c) the resignation and removal of auditors; and
  - (d) the remuneration of auditors.
- [<sup>F196</sup>(3) Schedule 14A to this Act has effect with regard to the appointment and removal of auditors of societies to which the Audit Directive applies.]

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### Textual Amendments

**F196** S. 72(3) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), 4

### Commencement Information

**I18** S. 72 partly in force; s. 72 not in force at Royal Assent see s. 126(2); s. 72 in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); s. 72(1) in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#); s. 72(2) in force for certain purposes at 13.9.1993 by [S.I. 1993/2213](#), art. 2(1), [Schs. 2, 3](#); s. 72(2) in force (except to the extent that it relates to any provision in Sch. 14 para. 7 not yet in force) at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

## *Auditors' report on annual accounts*

### 73 <sup>F197</sup> Auditor's report].

(1) The <sup>F198</sup>auditor] of a friendly society or of a registered branch shall make a <sup>F199</sup>written] report to the members on the annual accounts which are to be laid before the society or branch at the annual general meeting during <sup>F198</sup>his] tenure of office.

(2) The <sup>F200</sup>auditor] of a friendly society or registered branch shall, in preparing <sup>F201</sup>his] report, carry out such investigations as will enable <sup>F202</sup>him] to form an opinion as to—

(a) whether <sup>F203</sup>adequate] accounting records have been kept under section 68 above;

<sup>F204</sup>(b) .....

(c) whether the annual accounts are in agreement with the accounting records;

<sup>F205</sup>...

<sup>F206</sup>(2A) If the auditor is of the opinion that—

(a) adequate accounting records have not been kept under section 68, or

(b) the annual accounts are not in agreement with the accounting records, the auditor must state that fact in his report.]

(3) If the <sup>F207</sup>auditor fails] to obtain all the information and explanations and the access to documents which, to the best of <sup>F208</sup>his] knowledge and belief, are necessary for the purposes of <sup>F208</sup>his] audit, <sup>F209</sup>he] shall state that fact in <sup>F208</sup>his] report.

<sup>F210</sup>(4) .....

<sup>F211</sup>(4A) The auditor shall, in his report—

(a) state whether, in his opinion, based on the work undertaken in the course of the audit—

(i) the information given in the report of the committee of management for the financial year for which the annual accounts are prepared is consistent with those accounts,

(ii) that report has been prepared in accordance with this Act and the regulations made under it,

(b) state whether, in the light of the knowledge and understanding of the society or registered branch and its environment obtained in the course of the audit, the auditor has identified material misstatements in the report of the committee of management, and



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- (c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b).]

<sup>F212</sup>(5) .....

[<sup>F213</sup>(5A) The auditor's report must include—

- (a) the identity of the friendly society or registered branch whose annual accounts are the subject of the audit,
- (b) a description of the annual accounts that are the subject of the audit (including the period covered by those accounts),
- (c) a description of the financial reporting framework that has been applied in the preparation of those accounts, and
- (d) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(5B) The report must clearly state the opinion of the auditor as to whether the annual accounts—

- (a) give a true and fair view—
  - (i) in the case of an individual balance sheet, of the state of affairs of the society or branch as at the end of the financial year,
  - (ii) in the case of an individual income and expenditure account, of the income and expenditure of the society or branch for the financial year, and
  - (iii) in the case of the group accounts of an incorporated friendly society, of the state of affairs as at the end of the financial year and of the income and expenditure for the financial year of the society and the subsidiary undertakings dealt with in the group accounts, so far as concerns members of the society,
- (b) have been properly prepared in accordance with the relevant financial reporting framework, and
- (c) have been prepared in accordance with the requirements of this Act (and where applicable, Article 4 of the IAS Regulation).

(5C) The auditor's report must—

- (a) be either unqualified or qualified,
- (b) include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report,
- (c) include a statement on any material uncertainty relating to events or conditions that may cast significant doubt about the ability of the friendly society or registered branch to continue to adopt the going concern basis of accounting, and
- (d) identify the auditor's place of establishment.]

[<sup>F214</sup>(6) Where more than one person is appointed as auditor, all the persons appointed must jointly make a report under this section, which must include a statement as to whether they all agree on—

- (a) the matters contained in the report,
- (b) the statements given under subsections (2A), (3) and (4A), and
- (c) the indications given under subsection (4A).

(7) Where the persons do not all agree on all of those things, the report must—

- (a) include the opinions of each person appointed, and



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(b) give reasons for the disagreement.]

### Textual Amendments

- F197** Words in s. 73 heading substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(i)**
- F198** Word in s. 73(1) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(a)**
- F199** Word in s. 73(1) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **5(a)**
- F200** Word in s. 73(2) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(b)(i)(aa)**
- F201** Word in s. 73(2) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(b)(i)(bb)**
- F202** Word in s. 73(2) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(b)(i)(cc)**
- F203** Word in s. 73(2)(a) substituted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **5(b)(i)**
- F204** S. 73(2)(b) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F205** Words in s. 73(2) omitted (with effect in accordance with reg. 1(5) of the amending S.I.) by virtue of The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **5(b)(ii)**
- F206** S. 73(2A) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **5(c)**
- F207** Words in s. 73(3) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(c)(i)**
- F208** Word in s. 73(3) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(c)(ii)**
- F209** Word in s. 73(3) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 2(c)(iii)**
- F210** S. 73(4A) substituted for s. 73(4) (with effect in accordance with art. 1(2) of the amending S.I.) by The Friendly Societies Act 1992 (International Accounting Standards and Other Accounting Amendments) Order 2005 (S.I. 2005/2211), arts. 1(2), **5(2)**
- F211** S. 73(4A) substituted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **5(d)**
- F212** S. 73(5A)-(5D) substituted for s. 73(5) (with effect in accordance with art. 1(2) of the amending S.I.) by The Friendly Societies Act 1992 (International Accounting Standards and Other Accounting Amendments) Order 2005 (S.I. 2005/2211), arts. 1(2), **5(3)**
- F213** S. 73(5A)-(5C) substituted for s. 73(5A)-(5D) (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **5(e)**
- F214** S. 73(6)(7) re-inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **5(f)**

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### Commencement Information

**I19** S. 73 wholly in force; s. 73 not in force at Royal Assent see s. 126(2); s. 73 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 73 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

### [<sup>F215</sup>74 Signature of auditor's report

- (1) The auditor's report to the members of a friendly society or registered branch must state the name of the auditor [<sup>F216</sup>(or, where more than one person is appointed as auditor, all of their names)] and be signed and dated.
- (2) Where the auditor is an individual, the report must be signed by him.
- (3) Where the auditor is a firm, the report must be signed—
  - (a) in the case of a friendly society to which the Audit Directive applies, by the senior statutory auditor in his own name, for and on behalf of the firm;
  - (b) in any other case—
    - (i) in the name of the firm by a person authorised to sign on its behalf, or
    - (ii) if the firm has identified a senior statutory auditor in relation to the audit, by that person, in his own name, for and on behalf of the firm.
- [<sup>F217</sup>(4) Where more than one person is appointed as auditor, the report must be signed by all those appointed.]]

### Textual Amendments

- F215** Ss. 74-74C substituted for s. 74 (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), 5
- F216** Words in s. 74(1) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), 6(a)
- F217** S. 74(4) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), 6(b)

### [<sup>F215</sup>74A. Senior statutory auditor

- (1) The senior statutory auditor means the individual identified by the firm as senior statutory auditor in relation to the audit in accordance with the standards or guidance mentioned in section 504(1) of the Companies Act 2006.
- (2) The person identified as senior statutory auditor must be eligible for appointment as auditor of the society in question in accordance with—
  - (a) in the case of a friendly society to which the Audit Directive applies, Chapter 2 of Part 42 of the Companies Act 2006;
  - (b) in any other case, Schedule 14 to this Act.
- (3) The senior statutory auditor is not, by reason of being named or identified as senior statutory auditor or by reason of his having signed the auditor's report, subject to any civil liability to which he would not otherwise be subject.]

*Status: Point in time view as at 29/06/2017.*

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#### Textual Amendments

**F215** Ss. 74-74C substituted for s. 74 (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), 5

#### [<sup>F215</sup>74B. Names to be stated in copies of auditor's report filed or published

- (1) The copies of the auditor's report sent <sup>F218</sup>... under section 78(1) or (2) below, and every copy of the auditor's report that is published by or on behalf of the friendly society or registered branch, must—
- state the name of the auditor and (where the auditor is a firm and the report is signed by a senior statutory auditor) the name of the person who signed it as senior statutory auditor, or
  - if the conditions in section 74C (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified <sup>F218</sup>... in accordance with that section.

[ If more than one person is appointed as auditor, the reference in subsection (1)(a) to <sup>F219</sup>(1A) the name of the auditor is to be read as a reference to the names of all the auditors.]

- (2) For the purposes of this section a society or branch is regarded as publishing the report if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.
- (3) If a copy of the auditor's report is sent <sup>F218</sup>... or published without the statement required by this section, an offence is committed by—
- the society or branch, and
  - every officer of the society or branch who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.]

#### Textual Amendments

**F215** Ss. 74-74C substituted for s. 74 (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), 5

**F218** Words in s. 74B omitted (1.4.2013) by virtue of [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 28](#) (with [Sch. 12](#))

**F219** S. 74B(1A) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), 7

#### [<sup>F215</sup>74C. Circumstances in which names may be omitted

- (1) [<sup>F220</sup>An] auditor's name, and (where applicable) the name of the person who signed the report as senior statutory auditor, may be omitted from—
- the copies of the report sent to [<sup>F221</sup>the FCA and, if the society is a PRA- authorised person, the PRA] under section 78(1) or (2) below, and
  - published copies of the report,

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if the following conditions are met.

- (2) The conditions are that the friendly society or registered branch—
- (a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or senior statutory auditor, or any other person, would be subject to violence or intimidation, has resolved in general meeting that the name should not be stated, and
  - (b) has given notice of the resolution to <sup>F221</sup>the FCA and, if the society is a PRA-  
authorised person, the PRA], stating—
    - (i) the name of the society or branch,
    - (ii) the financial year of the society to which the report relates, and
    - (iii) the name of the auditor and (where applicable) the name of the person who signed the report as senior statutory auditor.]

#### Textual Amendments

**F215** Ss. 74-74C substituted for s. 74 (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), 5

**F220** Word in s. 74C(1) substituted (with effect in accordance with reg. 1(5) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), 8

**F221** Words in s. 74C substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 29](#) (with [Sch. 12](#))

#### 75 <sup>F222</sup>Auditor's rights] to information and to attend meetings.

- (1) The <sup>F223</sup>auditor of a friendly society is] entitled—
- (a) to access at all times to the books, accounts and vouchers of the society;
  - (b) to require from the officers of the society such information and explanations <sup>F224</sup>as he thinks necessary for the performance of his duties as auditor];
  - (c) to receive from the society—
    - (i) notice of any general meeting of the society and of any matter relating to the business of such a meeting of which notice is given (by whatever means) to the society's members; and
    - (ii) copies of any communications sent to the society's members with respect to any such meeting; and
  - (d) to attend any general meeting of the society and to be heard on any part of the business of the meeting which concerns <sup>F225</sup>him as auditor];
- and the <sup>F226</sup>auditor of a registered branch has] the corresponding rights to those specified in paragraphs (a) to (d) above, with the substitution for references to the society of references to the branch.
- (2) The right to attend or be heard at a meeting is exercisable in the case of a body corporate or partnership by an individual authorised by it in writing to act as its representative at the meeting.
- (3) An officer of a friendly society is guilty of an offence if he knowingly or recklessly makes to the society's <sup>F227</sup>auditor] a statement (whether written or oral) which—
- (a) conveys or purports to convey any information or explanations which the <sup>F228</sup>auditor requires, or is entitled to require, as auditor] of the society; and

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- (b) is misleading, false or deceptive in a material particular.
- (4) An officer of a registered branch is guilty of an offence if he knowingly or recklessly makes to the [<sup>F229</sup>auditor] of the branch a statement (whether written or oral) which—
- (a) conveys or purports to convey any information or explanations which the [<sup>F230</sup>auditor requires, or is entitled to require, as auditor] of the branch; and
- (b) is misleading, false or deceptive in a material particular.
- (5) A person guilty of an offence under subsection (3) or (4) above is liable —
- (a) on conviction on indictment, to imprisonment for a term not exceeding 2 years, or to a fine, or to both; and
- (b) on summary conviction, to imprisonment for a term not exceeding 6 months or to a fine not exceeding the statutory maximum, or to both.
- [<sup>F231</sup>(6) Where a subsidiary of a friendly society is a company (as defined in section 1(1) of the Companies Act 2006), the subsidiary and its auditors must give to the auditors of the friendly society such information and explanations as they may reasonably require for the purposes of their duties as auditors of the society.]
- (7) If—
- (a) a subsidiary to which subsection (6) above applies fails to comply with that subsection; or
- (b) an auditor of such a subsidiary fails without reasonable excuse to comply with that subsection,
- the subsidiary or auditor is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (8) An incorporated friendly society having a subsidiary to which subsection (6) above does not apply shall, if required by [<sup>F232</sup>its auditor] to do so, take all such steps as are reasonably open to it to obtain from the subsidiary such information and explanations as [<sup>F233</sup>he] may reasonably require for the purposes of [<sup>F234</sup>his duties as auditor] of that society.
- (9) If an incorporated friendly society fails to comply with subsection (8) above, it is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

#### Textual Amendments

- F222** Words in s. 75 heading substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), **Sch. 2 para. 3(f)**
- F223** Words in s. 75(1) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), **Sch. 2 para. 3(a)(i)**
- F224** Words in s. 75(1)(b) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), **Sch. 2 para. 3(a)(ii)**
- F225** Words in s. 75(1)(d) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), **Sch. 2 para. 3(a)(iii)**



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- F226** Words in s. 75(1) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(a)(iv)**
- F227** Word in s. 75(3) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(b)(i)**
- F228** Words in s. 75(3)(a) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(b)(ii)**
- F229** Word in s. 75(4) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(c)(i)**
- F230** Words in s. 75(4)(a) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(c)(ii)**
- F231** S. 75(6) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 133(3)** (with art. 10)
- F232** Words in s. 75(8) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(e)(i)**
- F233** Word in s. 75(8) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(e)(ii)**
- F234** Words in s. 75(8) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 3(e)(iii)**

#### Commencement Information

- I20** S. 75 wholly in force; s. 75 not in force at Royal Assent see s. 126(2); s. 75 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 75 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

## 76 Approval and signing of accounts.

- (1) The annual accounts of a friendly society or a registered branch shall be approved by the committee of management.
- (2) The accounts so approved shall be signed by the secretary of the society or branch; and the signature shall be on the balance sheet.
- (3) Every copy of the balance sheet which is laid before the society or branch in general meeting, or is otherwise circulated, published or issued, shall state the name of the secretary of the society or branch.
- (4) The copy of the balance sheet of a friendly society or a registered branch which is sent <sup>F235</sup>... under section 78 below shall be signed by the secretary of the society or branch.
- (5) If annual accounts of a society or branch are approved which do not comply with the requirements of this Act, every member of the committee of management who is party to their approval and who knows that they do not comply or is reckless as to whether they comply is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

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For this purpose every member of the committee at the time the accounts are approved shall be taken to be a party to their approval unless he shows that he took all reasonable steps to prevent their being approved.

- (6) If a copy of the balance sheet of a society or branch—
- (a) is laid before the society or branch, or otherwise circulated, published or issued, without the balance sheet having been signed as required by this section or without the required statement of the signatory's name being included; or
  - (b) is sent <sup>F235</sup>... without being signed as required by this section,
- the society or branch and every officer of it who is in default is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### Textual Amendments

**F235** Words in s. 76 omitted (1.4.2013) by virtue of [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 30](#) (with [Sch. 12](#))

#### Commencement Information

**I21** S. 76 wholly in force; s. 76 not in force at Royal Assent see [s. 126\(2\)](#); s. 76 in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); s. 76 in force for all remaining purposes at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

## 77 Information on appointed actuary to be annexed to balance sheet.

- (1) This section applies to any copy of a friendly society's balance sheet which—
- [<sup>F236</sup>(a) is furnished under section 78 to the FCA and, if the society is a PRA-  
authorised person, the PRA;
  - (aa) is furnished to either the FCA or the PRA at its request;]
  - (b) is laid before the society at its annual general meeting; or
  - (c) is furnished to a member at his request.
- (2) Subject to the provisions of this section, a friendly society shall annex to each copy of its balance sheet to which this section applies as respects every person who, at any time during the financial year to which the balance sheet relates, was its appointed actuary, a statement of the following information—
- (a) whether the actuary was a member of the society or any subsidiary of the society at any time during that year;
  - (b) particulars of any pecuniary interest of the actuary in any transaction between the actuary and the society or any subsidiary of the society and subsisting at any time during that year or, in the case of transactions of a minor character, a general description of such interests;
  - (c) the aggregate amount of any remuneration and the value of any other benefits other than a pension or other future or contingent benefit under any contract of service of the actuary with, or contract for services by the actuary to, the society or any subsidiary of the society, receivable by the actuary in respect of any period in that year; and
  - (d) a general description of any other pecuniary benefit (including any pension and other future contingent benefit) received by the actuary from the society

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or any subsidiary of the society in that year or receivable by him from the society or any such subsidiary,

together with a statement that the society has made a request to the actuary to furnish to it the particulars specified in this subsection and identifying any particulars furnished pursuant to the request.

- (3) Subsection (2) above applies in relation—
- (a) to the actuary's spouse [<sup>F237</sup>or civil partner];
  - (b) to a partner of the actuary;
  - (c) to any child or step-child of the actuary who is under 18;
  - (d) to any person (other than the society concerned or any subsidiary of that society) of whom the actuary is an employee; and
  - (e) to any body corporate (other than the society concerned or any subsidiary of that society) of which the actuary is a director or which is controlled by him,
- as it applies in relation to the actuary.
- (4) For the purposes of subsection (3) above, an actuary shall be taken to control a body corporate if he is a person—
- (a) in accordance with whose directions or instructions the directors of that body corporate or of a body corporate of which it is a subsidiary are accustomed to act; or
  - (b) who, either alone or with any other person falling within that subsection, is entitled to exercise or controls the exercise of, one-third or more of the voting power at any general meeting of the body corporate or of a body corporate of which it is a subsidiary.
- (5) If a friendly society fails to annex the statement required by subsection (2) above to a copy of its balance sheet to which this section applies, the society concerned shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### Textual Amendments

**F236** S. 77(1)(a)(aa) substituted for s. 77(1)(a) (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 31** (with Sch. 12)

**F237** Words in s. 77(3)(a) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), s. 263(10)(b), **Sch. 27 para. 141**; S.I. 2005/3175, art. 2(2)

#### Commencement Information

**I22** S. 77 wholly in force; s. 77 not in force at Royal Assent see s. 126(2); s. 77 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 77 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

### *Laying and furnishing of accounts and reports*

## 78 Laying and furnishing of accounts and reports.

[<sup>F238</sup>(1) The committee of management of a friendly society shall in each year—



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- (a) lay before the society, at the annual general meeting, copies of the annual accounts for the last financial year, the report of the committee of management for that year and the [F<sup>239</sup>auditor’s report] on those accounts; and
    - (b) send to the [F<sup>240</sup>FCA and, if the society is a PRA-authorized person, the PRA], not later than 30th June or 14 days before the annual general meeting, whichever is earlier, two copies of those accounts and reports.
  - (2) The committee of management of a registered branch shall in each year—
    - (a) lay before the branch, at the annual general meeting, copies of the annual accounts for the last financial year and the [F<sup>241</sup>auditor’s report] on those accounts; and
    - (b) send to the [F<sup>242</sup>FCA and, if the society is a PRA-authorized person, the PRA], not later than 30th June or 14 days before the annual general meeting, whichever is earlier, two copies of those accounts and that report.]
  - (3) Every friendly society shall, as from the date by which at the latest its committee of management is required by subsection (1) above to send them to the [F<sup>243</sup>FCA and, if the society is a PRA-authorized person, the PRA]—
    - (a) make copies of the annual accounts, the report of the committee of management and the [F<sup>244</sup>auditor’s report] available free of charge to members of the society at every office of the society; and
    - (b) send, free of charge, copies of those documents to any member of the society who demands them;and that duty shall cease, as respects those accounts, when the society comes to be under the same duty in respect of the accounts for the next financial year.
  - (4) Every registered branch shall, as from the date by which at the latest its committee of management is required by subsection (2) above to send them to the [F<sup>245</sup>FCA and, if the society is a PRA-authorized person, the PRA]—
    - (a) make copies of the annual accounts and the [F<sup>246</sup>auditor’s report] available free of charge to members of the branch at every office of the branch; and
    - (b) send, free of charge, copies of those documents to any member of the branch who demands them;and that duty shall cease, as respects those accounts, when the branch comes to be under the same duty in respect of the accounts for the next financial year.
- [F<sup>247</sup>(4A) A friendly society or registered branch is to be regarded as sending a copy of a document to a member for the purposes of subsection (3)(b) or (4)(b) if it makes the document available to the member on a website; and the end date for the purposes of section 119AB(4)(b) is the date when the duty ceases.]
- (5) If default is made in complying with subsection (1) or (2) above, every person who was a member of the committee of management of the society or, as the case may be, the branch, at any time during the relevant period shall be guilty of an offence and liable on summary conviction—
  - (a) to a fine not exceeding level 5 on the standard scale; and
  - (b) in the case of a continuing offence, to an additional fine not exceeding [F<sup>248</sup>one-tenth of that level][F<sup>248</sup>one-tenth of the greater of £5,000 or level 4 on the standard scale] for every day during which the offence continues.
- (6) If, on demand made of it under subsection (3) or (4) above, a friendly society or registered branch fails, in accordance with that subsection, to make available or, as the case may be, within 7 days of the demand, to send to a person a copy of the annual

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accounts, the society or branch shall be guilty of an offence and liable on summary conviction—

- (a) to a fine not exceeding level 3 on the standard scale; and
  - (b) in the case of a continuing offence, to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.
- (7) In subsection (5) above “the relevant period” means the period beginning at the end of the last financial year and ending with the date which falls 14 days before the annual general meeting following the end of that year.
- (8) The [<sup>F249</sup>[<sup>F250</sup>FCA] shall keep one of] the copies of documents received by it from a friendly society under subsection (1) above in the public file of the society.

#### Textual Amendments

- F238** S. 78(1)(2) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 91(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F239** Words in s. 78(1)(a) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 4**
- F240** Words in s. 78(1)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 32(2)** (with Sch. 12)
- F241** Words in s. 78(2)(a) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 4**
- F242** Words in s. 78(2)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 32(2)** (with Sch. 12)
- F243** Words in s. 78(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 32(2)** (with Sch. 12)
- F244** Words in s. 78(3)(a) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 4**
- F245** Words in s. 78(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 32(2)** (with Sch. 12)
- F246** Words in s. 78(4)(a) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 4**
- F247** S. 78(4A) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), 7
- F248** Words in s. 78(5)(b) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), **Sch. 3 para. 7(3)** (with reg. 5(1))
- F249** Words in s. 78(8) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 91(c)** (with art. 13(3), Sch. 5); S.I. 2001/2617, **art. 2(1)**
- F250** Word in s. 78(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 32(3)** (with Sch. 12)

#### Commencement Information

- I23** S. 78 wholly in force; s. 78 not in force at Royal Assent see s. 126(2); s. 78 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; s. 78 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

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## **[<sup>F251</sup>78A Interpretation of Part 6**

(1) In this Part—

“annual accounts”, in relation to a friendly society or registered branch, means—

- (a) the individual accounts required by section 69A, and
- (b) any group accounts required by section 69E,

together with the notes to those accounts;

[<sup>F252</sup>“the Audit Directive” means Directive 2006/43/EC of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (as to friendly societies to which the Directive applies, see subsection (3) below);]

[<sup>F253</sup>“firm” means any entity, whether or not a legal person, that is not an individual and includes a body corporate, a corporation sole, and a partnership or other unincorporated association;]

“IAS accounts” means IAS individual accounts or IAS group accounts;

“IAS Regulation” means EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ;

“income and expenditure account”, in relation to a friendly society or registered branch which prepares IAS accounts, includes an income statement or other equivalent financial statement required to be prepared by international accounting standards;

“international accounting standards” means the international accounting standards, within the meaning of the IAS Regulation, adopted from time to time by the European Commission in accordance with the IAS Regulation;

“non-directive friendly society” means a registered friendly society —

- (a) to which subsections (2) and (3) of section 37 (restriction of combinations of business) do not apply; and
- (b) which does not carry on reinsurance business;

“parent undertaking” and “subsidiary undertaking” shall be construed in accordance with the provisions of [<sup>F254</sup>section 1162 of the Companies Act 2006, read in conjunction with section 1161(1) of and Schedule 7 to that Act].

[<sup>F253</sup>“senior statutory auditor” has meaning given by section 74A(1) above;]

(2) References in this Part to accounts giving a “true and fair view” are references—

- (a) in the case of Friendly Societies Act individual accounts, to the requirement under section 69B that such accounts give a true and fair view;
- (b) in the case of Friendly Societies Act group accounts, to the requirement under section 69F that such accounts give a true and fair view; and
- (c) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.

[<sup>F255</sup>(3) References in this Part to a friendly society to which the Audit Directive applies are to a friendly society that is—

- (a) an insurance undertaking within the meaning given by Article 2.1 of Council Directive 1991/674/EEC on the annual accounts and consolidated accounts of insurance undertakings, or

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- (b) an issuer whose transferable securities are admitted to trading on a regulated market.
- (4) In subsection (3)—
- (a) “issuer” and “regulated market” have the same meaning as in Part 6 of the Financial Services and Markets Act 2000; and
- (b) “transferable securities” means anything which is a transferable security for the purposes of [Directive 2004/39/EC](#) of the European Parliament and of the Council on markets in financial instruments.]]

#### Textual Amendments

- F251** S. 78A inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), art. 1(2), **Sch. para. 3**
- F252** Words in s. 78A(1) inserted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 15(2)** (with arts. 6, 11, 12)
- F253** Words in s. 78A(1) inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **7(1)**
- F254** Words in s. 78A(1) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 184** (with arts. 6, 11, 12)
- F255** S. 78A(3)(4) substituted for s. 78A(3) (with effect in accordance with reg. 1(5) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **9**

**F256**<sup>79</sup> .....

#### Textual Amendments

- F256** S. 79 repealed (1.12.2001) by [S.I. 2001/2617](#), arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), **art. 2(1)**

## PART VII

### DISPUTES

#### *Disputes relating to friendly societies*

#### **80 Determination of certain disputes by arbitration.**

- (1) Subject to the following provisions of this section, any dispute between—
- (a) a member or person claiming through a member or under the rules of a friendly society or registered branch and the society or branch;
- (b) a person aggrieved who has ceased to be a member of a friendly society or registered branch, or a person claiming through such a person, and the society or branch or an officer of the society or branch;
- (c) a registered branch and the society of which it is a registered branch;

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- (d) an officer of a registered branch and the society of which it is a registered branch; or
  - (e) two or more registered branches, or any of their officers,
- shall be determined by arbitration in the manner directed by the rules of the society or branch.
- [<sup>F257</sup>(1A) Nothing in subsection (1) above or in rules of a kind mentioned in that subsection prevents any person, in accordance with the scheme for which Part XVI of the Financial Services and Markets Act 2000 provides (the ombudsman scheme), from having a complaint dealt with under such a scheme before, or instead of, arbitration.]
- (2) An application for the enforcement of an award on an arbitration under this section may be made to the county court.
  - (3) An award made in such an arbitration shall, in Scotland—
    - (a) subject to subsection (4) below, be final; and
    - (b) be enforceable as if it were an extract registered decree arbitral bearing a warrant for execution issued by the sheriff.
  - (4) An arbiter who has made an award in an arbitration under this section shall, on the application of a party to such arbitration, state a case for the opinion of the Court of Session on any question of law.
  - (5) If the parties to a dispute of a description specified in subsection (1) above agree that it shall be determined by the county court or, in Scotland, the sheriff, it may be so determined instead of being determined by arbitration under this section.
  - (6) If—
    - (a) a party to a dispute of a description specified in subsection (1) above applies to the society or branch in accordance with the rules for determination of the dispute by arbitration;
    - (b) no such determination has been made within the period of 40 days beginning with the day on which the application was made; and
    - (c) either party applies for determination of the dispute by the county court or, in Scotland, the sheriff,the dispute may be so determined.
  - (7) If the society has registered branches—
    - (a) the period of 40 days shall not begin to run until application has been made in succession to all the bodies entitled to determine the dispute by arbitration in accordance with the rules; but
    - (b) the rules may not require a greater delay than 3 months between each successive determination by such a body.
  - (8) In this section “dispute”—
    - (a) includes any dispute arising on the question whether a member or person aggrieved is entitled to be, or to continue to be, a member or to be reinstated as a member; but
    - (b) in the case of a person who has ceased to be a member does not (except as provided in paragraph (a) above) include any dispute other than one on a question which arose while he was a member, or arises out of his membership; and

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- (c) does not include a dispute between parties mentioned in subsection (1)(a) or (b) above which has arisen as a result of and incidentally to a dispute between a member, or person aggrieved who has ceased to be a member and a person claiming through him or under the rules of a society or branch.

#### Textual Amendments

**F257** S. 80(1A) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3**, Pt. 1 para. 93 (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

### 81 Complaints by members of friendly societies.

- (1) Nothing in section 80 above shall affect the power of a friendly society or registered branch—

- (a) to establish internal procedures for the resolution of complaints; or  
 (b) to make, to join with any other persons in making, or to accede to, schemes for the investigation and settlement by an adjudicator of complaints;

but a society or branch may not prevent a member from referring any dispute to arbitration under that section by purporting to require instead the making of a complaint or the acceptance of any determination of a complaint.

- (2) The [<sup>F258</sup>FCA] shall have the function of promoting the establishment by friendly societies and registered branches of—

- (a) internal complaints procedures; and  
 (b) schemes for the investigation and settlement of complaints;

and, in particular, the [<sup>F258</sup>FCA] may issue such guidance on those matters to friendly societies and registered branches as it thinks fit.

- (3) In this section—

“accede”, in relation to a scheme, means assume the obligations and rights of membership of the scheme;

“complaint” includes any complaint made by a member about action of a friendly society or branch which constitutes (in relation to that member) unfair treatment, maladministration or breach of any contractual or other duty and causes him pecuniary loss or inconvenience;

“member” in relation to a friendly society or branch includes any person who is or was a member of the society or branch or is claiming through a member or under the rules; and

“action” includes omissions.

#### Textual Amendments

**F258** Word in s. 81(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 33** (with Sch. 12)

### 82 Disputes arising out of loans of surplus funds to societies of different description.

- (1) Where—

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- (a) a registered friendly society or a registered branch (“the lender”) has made or agreed to make advances under section 50 of the 1974 Act to another society or branch (“the borrower”); and
- (b) the lender is by reason of this empowered by the rules of the borrower to take part in the government or control of the borrower,

subject to subsection (3) below, section 80 above shall apply in relation to the determination of a dispute between the lender and the borrower relating to such an advance or agreement or to the rights of the lender or an officer of the lender under the rules of the borrower, as if the borrower were a branch of the lender.

- (2) In the application of section 80 above to any such dispute, references in that section to the rules of the society are references to the rules of the borrower.
- (3) Section 80 above shall not prevent the bringing of legal proceedings for the determination of any such dispute unless, before the commencement of the proceedings, application has been made for a reference under the rules of the borrower.
- (4) Proceedings for the determination of any such dispute may be brought [<sup>F259</sup>in England and Wales in the county court or, in Northern Ireland,] in a county court or, in Scotland, before the sheriff, whether or not the court would apart from this subsection have jurisdiction to entertain them.
- (5) The reference in subsection (1) above to advances under section 50 of the 1974 Act includes, in the case of a society formerly registered in Northern Ireland, a reference to advances made under section 42 of the <sup>M14</sup>Friendly Societies Act (Northern Ireland) 1970.

#### Textual Amendments

**F259** Words in s. 82(4) inserted (22.4.2014) by [Crime and Courts Act 2013 \(c. 22\)](#), s. 61(3), [Sch. 9 para. 85\(1\)](#); [S.I. 2014/954](#), art. 2(c) (with art. 3) (with transitional provisions and savings in [S.I. 2014/956](#), arts. 3-11)

#### Commencement Information

**I24** S. 82 wholly in force; s. 82 not in force at Royal Assent see s. 126(2); s. 82(1)-(4) in force at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 2](#); s. 82(5) in force at 1.1.1994 by [S.I. 1993/3226](#), art. 2(1), [Sch. 2](#)

#### Marginal Citations

**M14** 1970 c. 31 (N.I.).

### *Disputes relating to industrial and provident societies*

#### <sup>F260</sup>**83 Disputes relating to industrial and provident societies.**

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#### Textual Amendments

**F260** S. 83 repealed (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 7](#) (with [Sch. 5](#))



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*Disputes under National Savings Bank Act 1971 and National Debt Act 1972*

**F<sup>261</sup>84 Disputes under the National Savings Bank Act 1971 and National Debt Act 1972.**

**Textual Amendments**

**F261 S. 84** repealed (with effect from 1.9.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 11 Pt. 5\(2\)](#)

**PART VIII**

AMALGAMATIONS, TRANSFERS OF ENGAGEMENTS AND  
CONVERSION OF FRIENDLY SOCIETIES INTO COMPANIES

**Commencement Information**

**I25 Pt. VIII** (ss. 85-92) wholly in force; **Pt. VIII** not in force at Royal Assent see [s. 126\(2\)](#); **Pt. VIII** in force at 13.9.1993 by [S.I. 1993/2213](#), [art. 2\(1\)](#), [Sch. 3](#)

*Amalgamations*

**85 Amalgamation of friendly societies.**

- (1) Any two or more friendly societies may, in accordance with this Part of this Act, amalgamate by establishing an incorporated friendly society as their successor.
- (2) In order to establish a society as their successor, friendly societies proposing to amalgamate must—
  - (a) comply with the applicable requirements of Part I of Schedule 15 to this Act;
  - (b) take the steps required by paragraph 1(2) of Schedule 3 to this Act;
  - (c) each approve the proposed amalgamation and the terms on which it is to take place by special resolution; and
  - (d) obtain the confirmation of the [<sup>F262</sup>appropriate authority] of the amalgamation; and, on obtaining that confirmation, the successor may be registered and incorporated under this Act.
- (3) If the [<sup>F263</sup>FCA or the PRA] confirms the amalgamation and the successor society is registered under this Act, the certificate of incorporation issued by the [<sup>F264</sup>FCA] shall specify a date as the transfer date for that amalgamation.
- (4) On the transfer date—
  - (a) all the property, rights and liabilities of each society participating in the amalgamation shall become by virtue of this subsection the property, rights and liabilities of the successor society; and
  - (b) each such society shall be dissolved;
 but the transfer from each such society effected by paragraph (a) above shall be deemed to have been effected immediately before the dissolution of that society.



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- [<sup>F265</sup>[<sup>F266</sup>(4A) If, on the transfer date, each of the societies whose amalgamation was confirmed has permission under Part 4A of the Financial Services and Markets Act 2000, the appropriate regulator (within the meaning of section 55A of that Act) must, with effect from that date, give their successor such permission under that Part as it considers appropriate, subject to such requirements as it considers appropriate, and must notify the successor of the permission by giving the successor a decision notice under that Act.]
- (4B) Part XXVI of the Financial Services and Markets Act 2000 applies to a decision notice given under this section as it applies to a decision notice given under [<sup>F267</sup>subsection (5) of section 55V of that Act by virtue of paragraph (a) or (b) of that subsection], except that—
- (a) section 390 (final notices) does not apply, and
  - (b) for the purposes of section 391 (publication) the decision notice is to be treated as if it were a final notice rather than a decision notice.
- (4C) The giving of permission pursuant to subsection (4A) above is to be treated for the purposes of [<sup>F268</sup>section 55Z1] of the Financial Services and Markets Act 2000 (right to refer matters to the [<sup>F269</sup>Upper Tribunal]) as if it were the determination of an application made by the successor under [<sup>F270</sup>Part 4A] of that Act, and Part IX of that Act (hearings and appeals) applies accordingly (but subject to subsection (4D) below).
- (4D) In the application of Part IX of that Act by virtue of subsection (4C) above, [<sup>F271</sup>section 133A(4)] (which [<sup>F272</sup>prevents the action specified in a decision notice from being taken] until after any reference and appeal) is omitted.]
- (5) Where a friendly society is dissolved by subsection (4)(b) above, its registration under this Act or the 1974 Act shall be cancelled by the [<sup>F273</sup>FCA].
- (6) Schedule 15 to this Act has effect for supplementing this section.

#### Textual Amendments

- F262** Words in s. 85(2)(d) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 34(2)** (with Sch. 12)
- F263** Words in s. 85(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 34(3)(a)** (with Sch. 12)
- F264** Word in s. 85(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 34(3)(b)** (with Sch. 12)
- F265** S. 85(4A) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 34(4)** (with Sch. 12)
- F266** S. 85(4A)-(4D) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3, Pt. 1 para. 95(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F267** Words in s. 85(4B) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 34(5)** (with Sch. 12)
- F268** Words in s. 85(4C) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 34(6)(a)** (with Sch. 12)
- F269** Words in s. 85(4C) substituted (6.4.2010) by The Transfer of Tribunal Functions Order 2010 (S.I. 2010/22), art. 1(2)(e), **Sch. 2 para. 14(a)** (with Sch. 5)
- F270** Words in s. 85(4C) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 34(6)(b)** (with Sch. 12)

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- F271** Words in s. 85(4D) substituted (6.4.2010) by [The Transfer of Tribunal Functions Order 2010 \(S.I. 2010/22\)](#), art. 1(2)(e), **Sch. 2 para. 14(b)** (with Sch. 5)
- F272** Words in s. 85(4D) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 34(7)** (with Sch. 12)
- F273** Word in s. 85(5) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 34(8)** (with Sch. 12)

### *Transfers of engagements*

#### **86 Transfer of engagements by or to friendly society.**

- (1) A friendly society may, in accordance with this Part of this Act, transfer its engagements to any extent to any of the following persons, that is to say—
- <sup>F274</sup>(a) .....
  - (b) to an industrial and provident society;
  - <sup>F275</sup>(c) to a company registered under the Companies Act 2006;
  - (d) in relation to engagements the fulfilment of which will constitute the carrying on of insurance business, to any other person who is an <sup>F276</sup>insurer;
  - (e) in relation to engagements the fulfilment of which will not constitute the carrying on of insurance business, to a person (or body of persons) who is not of a description specified in <sup>F277</sup>paragraph (b), (c) or (d) above].
- (2) A friendly society, in order to transfer any of its engagements, must—
- (a) comply with the applicable requirements of Part I of Schedule 15 to this Act;
  - (b) resolve to transfer the engagements by special resolution;
  - (c) if the transfer is of some but not all of its engagements, resolve to do so by an affected members' resolution;
  - (d) record the extent of the transfer as so resolved in an instrument of transfer of engagements; and
  - (e) obtain the confirmation of the <sup>F278</sup>appropriate authority] of the transfer;
- and, on obtaining that confirmation, the instrument of transfer of engagements may be registered under subsection (4) below.
- (3) Where it is proposed to transfer the engagements of one friendly society to another friendly society, the proposed transferee, in order to undertake to fulfil them, must—
- (a) comply with the applicable requirements of Part I of Schedule 15 to this Act and, if required, with sections 87 and 88 below; and
  - (b) resolve to undertake to fulfil the engagements by special resolution or, if the <sup>F279</sup>appropriate authority] consents to that mode of proceeding, by resolution of the committee of management.
- <sup>F280</sup>(3A) The PRA must consult the FCA before giving its consent under subsection (3)(b).]
- (4) Where the <sup>F281</sup>appropriate authority] confirms a transfer of engagements, <sup>F282</sup>the FCA] shall, on the application of the society proposing to transfer them and the proposed transferee—
- (a) register a copy of the instrument of transfer of engagements; and
  - (b) issue a registration certificate to the transferee,
- and a registration certificate shall specify a date as the transfer date for that transfer.

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- (5) On the transfer date—
- (a) the property, rights and liabilities of the society transferring its engagements shall by virtue of this subsection become, to the extent provided in the instrument of transfer of engagements, the property, rights and liabilities of the transferee; and
  - (b) if the transfer is of all the society's engagements, the society shall be dissolved; but the transfer shall be deemed to have been effected immediately before any such dissolution.
- (6) The [<sup>F283</sup>FCA] shall keep a copy of the instrument and of the registration certificate issued under subsection (4) above—
- (a) where the transferee is a friendly society, in the public file of that society;
  - (b) in any other case, in the public file of the society transferring the engagements.
- (7) Where a friendly society is dissolved by subsection (5)(b) above, its registration under this Act or the 1974 Act shall be cancelled by the [<sup>F283</sup>FCA].
- (8) Where it is proposed that any engagements of a person other than a friendly society should be transferred to a friendly society, the proposed transferee, in order to undertake to fulfil them, must resolve to do so by special resolution.
- (9) For the purposes of this section—
- (a) an “affected members’ resolution” is a resolution approving a transfer of engagements which is passed by the appropriate majority of those members whose contracts with the society are included in the transfer and who are entitled to vote on the resolution; and
  - (b) the “appropriate majority” means a majority consisting of not less than three quarters of those who vote on the resolution (in person or by proxy) at a meeting of the society or in a <sup>F284</sup>... ballot;
- and sub-paragraphs (1)(b) and (c), (4), (5) and (6) of paragraph 7 of Schedule 12 to this Act shall apply to an affected members’ resolution as they apply to a special resolution.
- (10) Delegate voting may not take place on an affected members’ resolution; and where the rules of a friendly society provide for delegate voting on any matter, they must provide for voting by individual members on such resolutions.
- (11) Schedule 15 to this Act has effect for supplementing this section.
- [<sup>F285</sup>(12) In this section “insurer” means—
- (a) a person who has permission under [<sup>F286</sup>Part 4A] of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance, or
  - (b) an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to that Act, which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to effect or carry out contracts of insurance.
- (13) Subsection (12) must be read with—
- (a) section 22 of the Financial Services and Markets Act 2000;
  - (b) any relevant order under that section; and
  - (c) Schedule 2 to that Act.]

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### Textual Amendments

- F274** S. 86(1)(a) repealed (1.12.2001) by S.I. 2001/3649, **arts. 1, 201(2)**
- F275** S. 86(1)(c) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 133(4)** (with art. 10)
- F276** Word in s. 86(1)(d) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 201(3)**
- F277** Words in s. 86(1)(e) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 201(4)**
- F278** Words in s. 86(2)(e) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 35(2)** (with Sch. 12)
- F279** Words in s. 86(3)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 35(2)** (with Sch. 12)
- F280** S. 86(3A) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 35(3)** (with Sch. 12)
- F281** Words in s. 86(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 35(4)(a)** (with Sch. 12)
- F282** Word in s. 86(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 35(4)(b)** (with Sch. 12)
- F283** Word in s. 86(6)(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 35(5)** (with Sch. 12)
- F284** Word in s. 86(9)(b) omitted (12.4.2011) by virtue of The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **21(2)(a)**
- F285** S. 86(12)(13) inserted (1.12.2001) by S.I. 2001/3649, **arts. 1, 201(5)**
- F286** Words in s. 86(12) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 35(6)** (with Sch. 12)

### Modifications etc. (not altering text)

- C14** S. 86: power to modify conferred (16.1.2009) by Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (c. 26), **ss. 3, 6(2)**; S.I. 2009/36, art. 2

## 87 Actuary's report as to margin of solvency.

- (1) This section applies where a friendly society (“the transferor”) proposes to transfer any of its engagements under section 86 above to another friendly society (“the transferee”).
- (2) Where—
- [<sup>F287</sup>(a) the fulfilment of any of the engagements to be transferred will constitute—
- (i) in the case of a transferor to which subsection (2) or (3) of section 37 above applies, the carrying on of insurance business in one or more [<sup>F288</sup>EEA State], or
- (ii) in the case of a transferor to which neither of those subsections applies, the carrying on of insurance business in the United Kingdom, and]
- (b) the transferee will, after taking the proposed transfer into account, be [<sup>F289</sup>required by rules made by the [<sup>F290</sup>appropriate authority under Part 9A] of the Financial Services and Markets Act 2000 to maintain the margin of solvency required by such rules],
- the transferee shall furnish the [<sup>F291</sup>appropriate authority] with a report by the appropriate actuary as to whether it will immediately after the proposed transfer, possess that margin of solvency.

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- (3) Where—
- (a) the fulfilment of any of the engagements will constitute the carrying on of long-term business, and
  - (b) a report is not required to be furnished under subsection (2) above, the [<sup>F292</sup>appropriate authority] may direct the transferee to furnish the [<sup>F292</sup>appropriate authority] with a report by the appropriate actuary as to whether it will, immediately after the proposed transfer, possess an excess of assets over liabilities.
- (4) The appropriate actuary has a right of access at all times to the books, accounts and vouchers of the transferor and of the transferee, and is entitled to require from the officers of either society such information and explanations as he thinks necessary to enable him to prepare a report under this section.
- (5) If the appropriate actuary fails to obtain all the information and explanations and the access to documents which, to the best of his knowledge and belief, are necessary for the purposes of a report under this section, he shall state that fact in his report.
- (6) An officer of a transferor or of the transferee shall be guilty of an offence if he knowingly or recklessly makes to the appropriate actuary a statement (whether written or oral) which—
- (a) conveys or purports to convey any information or explanations which he requires, or is entitled to require, for the purposes of a report under this section; and
  - (b) is misleading, false or deceptive in a material particular.
- (7) A person guilty of an offence under subsection (6) above is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding 2 years, or to a fine, or to both; and
  - (b) on summary conviction, to imprisonment for a term not exceeding 6 months or to a fine not exceeding the statutory maximum, or to both.

#### Textual Amendments

**F287** S. 87(2)(a) substituted (1.9.1994) by S.I. 1994/1984 reg. 26(1)

**F288** Words in s. 87(2)(a)(i) substituted (1.1.1998) by S.I. 1997/2849 reg. 3

**F289** Words in s. 87(2)(b) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3**, Pt. 1 para. 97(a) (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F290** Words in s. 87(2)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 36(2)(a)** (with Sch. 12)

**F291** Words in s. 87(2)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 36(2)(b)** (with Sch. 12)

**F292** Words in s. 87(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 36(3)** (with Sch. 12)

## 88 Actuary's report on transfer of long term business.

- (1) This section applies where—
- [<sup>F293</sup>(a) a friendly society (“a transferor society”) proposes to transfer to any person engagements the fulfilment of which will constitute—

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- (i) in the case of a society to which subsection (2) or (3) of section 37 above applies, the carrying on of long term business in one of more [<sup>F294</sup>EEA State]; or
  - (ii) in the case of a society to which neither of those subsections applies, the carrying on of long term business in the United Kingdom; or]
  - (b) a friendly society (a “transferee society”) proposes to undertake to fulfil any such engagements to be transferred to it from another friendly society.
- (2) The [<sup>F295</sup>appropriate authority] may direct a transferor society or a transferee society to furnish the [<sup>F295</sup>appropriate authority] with a report by an independent actuary on the terms of the proposed transfer and as to his opinion on the likely effects of the transfer on the members of the society who are long term policyholders.
- (3) A friendly society which is directed to furnish a report under this section shall, on payment of a reasonable fee, furnish a copy of the report to any person who asks for one at any time before the transfer in question is confirmed by the [<sup>F295</sup>appropriate authority].
- (4) Subsections (4) to (7) of section 87 above shall apply in relation to an actuary preparing a report under this section as they apply to the appropriate actuary preparing a report under that section.
- (5) In this section—
- “independent actuary”, in relation to a transfer of engagements, means an actuary who is not the appropriate actuary of a friendly society participating in the transfer;
  - “long term policyholder” means a member whose contract with a friendly society is a contract the effecting of which by the society constituted the carrying on of long term business.

#### Textual Amendments

**F293** S. 88(1)(a) substituted (1.9.1994) by [S.I. 1994/1984 reg. 27](#)

**F294** Words in s. 88(1)(a)(i) substituted (1.1.1998) by [S.I. 1997/2849 reg. 3](#)

**F295** Words in s. 88(2)(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 9 para. 37](#) (with Sch. 12)

#### Modifications etc. (not altering text)

**C15** S. 88: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\), ss. 3, 6\(2\); S.I. 2009/36, art. 2](#)

## 89 Power of [<sup>F296</sup>appropriate authority] to alter requirements for transfer by friendly society.

- (1) If the [<sup>F297</sup>appropriate authority] is satisfied that it is expedient to do so in the interests of the members or potential members of a friendly society, it may give a direction under this section (“a direction”)—
- (a) modifying the requirements of subsection (2)(b) and (c) of section 86 above; and
  - (b) modifying or disapplying the requirements of Part I of Schedule 15 to this Act, in relation to a particular proposed transfer or to all transfers made by the society after the making of the direction.



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- [<sup>F298</sup>(1A) The PRA must consult the FCA before giving a direction under this section.]
- (2) A direction may not modify the requirements of section 86(2) above so as to permit a society to resolve to make a transfer by a resolution passed by less than a majority, or to require more than a three-quarters majority, of those voting on the resolution.
- (3) The [<sup>F297</sup>appropriate authority] shall not give a direction unless—
- (a) an application has been made to it by not less than 10 per cent. of the members of the society concerned or, in the case of a society with more than 1000 members, by not less than 100 members of the society;
  - (b) not less than one month before giving the direction the [<sup>F297</sup>appropriate authority] has served on the society concerned a notice stating that it proposes to make a direction and specifying the considerations which have led it to conclude that it would be expedient to give it;
  - (c) the [<sup>F297</sup>appropriate authority] has considered any representations made by the society with respect to the notice mentioned in paragraph (b) above within such period (not being less than one month) from the date on which the society was served with the notice as the [<sup>F297</sup>appropriate authority] may allow; and
  - (d) if the society so requests, the [<sup>F297</sup>appropriate authority] has afforded to it an opportunity of being heard by it within that period.
- (4) If the [<sup>F297</sup>appropriate authority] considers it expedient to do so in the interests of the members or potential members of the society concerned, it may vary or revoke a direction by a further direction.
- (5) On giving a direction in relation to a society, the [<sup>F297</sup>appropriate authority] shall serve on the society a copy of the direction, specifying the considerations which have led it to conclude that it is expedient to give the direction; but the [<sup>F297</sup>appropriate authority] may not give a direction unless all the considerations so specified were those, or among those, which were specified in the notice served on the society under subsection (3) above.
- (6) Notice of a direction shall be published by the [<sup>F297</sup>appropriate authority] in one or more of the London Gazette, the Belfast Gazette or the Edinburgh Gazette, as it thinks appropriate, and in such other ways as appear to the [<sup>F297</sup>appropriate authority] expedient for informing the public.
- [<sup>F299</sup>(6A) The PRA must send to the FCA a copy of any direction it issues under this section.]
- [<sup>F300</sup>(7) The [<sup>F301</sup>[<sup>F302</sup>FCA] shall keep a copy of any direction given under this section] in the public file of the society concerned.]

#### Textual Amendments

**F296** Words in s. 89 heading substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 38\(6\)](#) (with Sch. 12)

**F297** Words in s. 89 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 38\(2\)](#) (with Sch. 12)

**F298** S. 89(1A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 38\(3\)](#) (with Sch. 12)

**F299** S. 89(6A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 38\(4\)](#) (with Sch. 12)

**F300** S. 89(7) substituted (1.12.2001) by [S.I. 2001/3649](#), [arts. 1, 203\(3\)](#)



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- F301** Words in s. 89(7) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 99(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F302** Word in s. 89(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 38(5)** (with Sch. 12)

## 90 Power of [<sup>F303</sup>appropriate authority] to effect transfer of engagements.

- (1) Subject to the following provisions of this section the [<sup>F304</sup>appropriate authority] may give a direction under this section (“a direction”) providing for the transfer of such of the engagements of a friendly society (“the society”) as are specified in the order to a person so specified (“the transferee”).
- (2) The [<sup>F304</sup>appropriate authority] may give a direction if—
  - (a) it considers that—
    - (i) the society is unable to manage its affairs satisfactorily in relation to the engagements specified in the order; and
    - (ii) a transfer of those engagements would be expedient to protect the interests of the members of the society; and
  - (b) the proposed transferee has complied with paragraph 1 of Schedule 15 to this Act and has resolved to undertake to fulfil the engagements by special resolution or, if the [<sup>F304</sup>appropriate authority] consents to that mode of proceeding, by resolution of the committee of management;
 but the [<sup>F304</sup>appropriate authority] may direct that paragraph (b) above shall be modified in relation to a particular proposed transfer (but not to permit a society to resolve to undertake to fulfil the engagements by less than a majority or more than a three-quarters majority of those voting).

[<sup>F305</sup>(2A) The PRA must consult the FCA before giving a direction under this section.]

- (3) The [<sup>F306</sup>appropriate authority] may not give a direction if, were the transfer to be proposed to be made under section 86 above, it would be precluded from confirming it by [<sup>F307</sup>paragraph 11 or] any provision of paragraphs 13 to 17 of Schedule 15 to this Act.
- (4) [<sup>F308</sup>At the same time as giving a warning notice to the society in accordance with section 58A(1) in relation to its proposal to give a direction, the [<sup>F306</sup>appropriate authority] shall] publish notice of the proposed direction in one or more of the London Gazette, the Belfast Gazette or the Edinburgh Gazette, as it thinks appropriate, and, if it thinks appropriate, in one or more newspapers.
- (5) A notice published in pursuance of subsection (4)(b) above shall—
  - (a) state that any interested party has the right to make representations to the [<sup>F306</sup>appropriate authority] with respect to the proposed direction;
  - (b) specify a date determined by the [<sup>F306</sup>appropriate authority] before which any written representations or notice of a person’s intention to make oral representations must be received by the [<sup>F306</sup>appropriate authority]; and
  - (c) specify a date determined by the [<sup>F306</sup>appropriate authority] as the day on which it intends to hear any oral representations.
- (6) After the date specified in pursuance of subsection (5)(b) above, the [<sup>F306</sup>appropriate authority] shall—
  - (a) determine the time and place at which oral representations may be made;

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- (b) give notice of that determination to the society and the proposed transferee and to any persons who have given notice of their intention to make oral representations; and
  - (c) send copies of the written representations received by the [F306 appropriate authority] to the society concerned and the proposed transferee.
- (7) [F309 Before the [F306 appropriate authority] decides whether to give the society a decision notice in accordance with section 58A(3),] the [F306 appropriate authority] shall allow the society and the proposed transferee an opportunity to comment on the written representations, whether at a hearing or in writing before the expiration of such period as the [F306 appropriate authority] specifies in a notice to it.
- [F310(8) If the PRA gives a direction, it must send a copy of the direction to the FCA.
- (8A) The FCA must—
- (a) keep a copy of a direction issued under this section (whether by the FCA or by the PRA);
  - (b) register that copy; and
  - (c) issue a registration certificate to the transferee.
- (8B) The registration certificate must specify a date as the transfer date for the transfer.]
- (9) On the transfer date—
- (a) the property, rights and liabilities of the society shall by virtue of this subsection become, to the extent provided in the direction, the property, rights and liabilities of the transferee; and
  - (b) if the transfer is of all the society's engagements, the society shall be dissolved; but the transfer shall be deemed to have been effected before any such dissolution.
- (10) The [F311 FCA] shall keep a copy of a direction and of the registration certificate—
- (a) if the transferee is a friendly society, in the public file of that society;
  - (b) in any other case, in the public file of the society transferring the engagements.
- (11) Where a friendly society is dissolved by subsection (9)(b) above, its registration under this Act or the 1974 Act shall be cancelled by the [F311 FCA].

#### Textual Amendments

- F303** Words in s. 90 heading substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 39(7)** (with Sch. 12)
- F304** Words in s. 90(1)(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 39(2)** (with Sch. 12)
- F305** S. 90(2A) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 39(3)** (with Sch. 12)
- F306** Words in s. 90(3)-(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 39(4)** (with Sch. 12)
- F307** Words in s. 90(3) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 100(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F308** Words in s. 90(4) substituted for s. 90(4)(a) and words (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3, Pt. 1 para. 100(c)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F309** Words in s. 90(7) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 100(e)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

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- F310** S. 90(8)-(8B) substituted for s. 90(8) (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 39(5)** (with Sch. 12)
- F311** Word in s. 90(10)(11) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 39(6)** (with Sch. 12)

<sup>F312</sup>**90A** .....

#### Textual Amendments

- F312** S. 90A repealed (1.12.2001) by [S.I. 2001/2617](#), arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), **art. 2(1)**

### *Conversions*

#### **91 Conversion of friendly society into company.**

- (1) A friendly society may, in accordance with this Part of this Act, convert itself into a company registered under [<sup>F313</sup>the Companies Act 2006] (“a company”).
- (2) In order to convert itself into a company a friendly society must—
  - (a) comply with the applicable requirements of Part I of Schedule 15 to this Act ;
  - (b) approve the proposed conversion, the terms on which it is to take place and the proposed memorandum and articles of association for the company by special resolution; and
  - (c) obtain the confirmation of the [<sup>F314</sup>appropriate authority] of the conversion; and, on obtaining that confirmation, the society may apply for registration as a company.
- [<sup>F315</sup>(2A) The PRA must consult the FCA before giving a confirmation under this section.]
- (3) The terms on which the conversion of a friendly society into a company is to take place may include provision for part of the funds of the society or the company to be distributed among, or for other rights in relation to shares in the company to be conferred on, members of the society.
- [<sup>F316</sup>(4) Where—
  - (a) a special resolution of the society contains the particulars required by subsection (1) of section 8 of the Companies Act 2006 to be contained in the memorandum of association of a company, and
  - (b) a copy of the resolution has been registered by the [<sup>F317</sup>FCA], a copy of that resolution under the seal and stamp of the [<sup>F317</sup>FCA] has the same effect as a memorandum of association duly authenticated as required by subsection (2) of that section.]
- (5) On the registration of a friendly society as a company the registration of the society under this Act or the 1974 Act shall be cancelled by the [<sup>F317</sup>FCA].
- (6) Where a friendly society converts into a company the terms approved by the society and confirmed by the [<sup>F318</sup>appropriate authority] shall, in so far as they provide for the

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conferral of rights on members or officers of the society, be enforceable as if they had been the subject of an agreement between the society and those members and officers.

- (7) Registration of a friendly society as a company shall not affect any right or claim subsisting against the society or any penalty incurred by the society; and for the purpose of enforcing any such right, claim or penalty, the society may be sued and proceeded against in the same manner as if it had not become registered as a company.
- (8) The [<sup>F319</sup>Treasury], may make regulations providing for the regulation of the conversion of friendly societies into companies; and such regulations may, in particular make provision—
- (a) for and in connection with the transition from regulation by and under this Act or the 1974 Act to regulation by and under any other enactments on a society's ceasing to be registered under that Act; and
  - (b) for the treatment, in the hands of the company into which a friendly society has converted, of the property, rights and liabilities of the society immediately before its conversion and for the modification of any enactment in its application to any such property, rights and liabilities.
- (9) Schedule 15 to this Act has effect for supplementing this section.

#### Textual Amendments

- F313** Words in s. 91(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 133(5)(a)** (with art. 10)
- F314** Words in s. 91(2)(c) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 40(2)** (with Sch. 12)
- F315** S. 91(2A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 40(3)** (with Sch. 12)
- F316** S. 91(4) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 133(5)(b)** (with art. 10)
- F317** Word in s. 91(4)(5) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 40(4)** (with Sch. 12)
- F318** Words in s. 91(6) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 40(5)** (with Sch. 12)
- F319** Word in s. 91(8) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 102(e)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

#### Modifications etc. (not altering text)

- C16** S. 91(8): functions of Friendly Societies Commission transferred (1.12.2001) by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

### Supplementary

## 92 Compensation for loss of office.

- (1) Subject to subsection (3) below, the terms of—
- (a) an amalgamation under section 85 above,
  - (b) a transfer of engagements of a friendly society under section 86 above, or

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- (c) a conversion under section 91 above, may include provision for compensation for loss of office or diminution of emoluments attributable to the amalgamation, transfer or conversion to be paid by a participating friendly society to or in respect of any of the persons mentioned in subsection (2) below.
- (2) Those persons are—
- (a) the officers of the society which is to pay the compensation;
  - (b) in the case of an amalgamation or transfer, the officers of any other participating society;
  - (c) in the case of a transfer, the officers of any other person participating in the transfer; and
  - (d) the appointed actuary (if any) of any society participating in the amalgamation or transfer.
- (3) Any such provision as is mentioned in subsection (1) above must be approved by the society which is to pay the compensation by a special resolution separate from any resolution approving the other terms of the amalgamation, transfer or conversion.
- (4) If compensation which has not been authorised in accordance with subsection (3) above is received by an officer, it shall be repaid.
- (5) In this section—
- “compensation” includes the provision of benefits in kind;
- “loss of office” includes, in relation to an officer of an incorporated friendly society holding office by virtue of his position in the society in a subsidiary of the society or body jointly controlled by the society, the loss of that office; and
- “participating society”, in relation to an amalgamation or transfer, means a friendly society participating in the amalgamation or transfer and, in relation to the conversion of a friendly society, that society.

## PART IX

### MISCELLANEOUS

#### *Societies registered under 1974 Act*

### 93 Registration of societies under 1974 Act.

- (1) No society may be registered under the <sup>M15</sup>1974 Act after the commencement of this section.
- (2) Subject to section 7 of the 1974 Act, a society registered under the 1974 Act immediately before the commencement of this section (an “existing society”) shall continue as a registered society in accordance with the provisions of that Act.
- (3) Nothing in subsection (1) above shall be taken as preventing the registration after the commencement of this section of a branch of an existing society as a registered branch.
- (4) Nothing in this Act shall be taken as preventing—
  - (a) the performance by an existing friendly society of any contract which is in force immediately before the commencement of this section; or

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- (b) the carrying on by such a society of any social or benevolent activity which is not inconsistent with the other activities of the society.
- (5) Before the end of the transitional period each existing friendly society shall—
- (a) by special resolution agree upon the alterations to be made to its rules so that they conform to this Act and the 1974 Act; and
  - (b) send to the [F320FCA][F321three] copies of the rules as altered each signed by the secretary and accompanied by a statutory declaration by the secretary that that agreement was effected by a resolution passed as a special resolution.
- (6) On agreeing upon any such alteration to its rules a society shall, subject to subsection (7) below, determine the date on which the society intends it to take effect, and any alteration to the society's rules sent to the [F320FCA] shall be accompanied by a record specifying that date (in this paragraph referred to as "the specified date").
- (7) No date shall be specified under subsection (6) above which falls more than six months after the date of the meeting at which the society agreed upon the alteration to its rules.
- (8) The [F320FCA], if satisfied that the rules as altered are in conformity with this Act and the 1974 Act, shall retain and register a copy of the altered rules.
- (9) On registering a copy of the altered rules under subsection (8) above, the [F320FCA] shall—
- (a) return another copy to the secretary of the society, together with a certificate of registration, and
  - (b) keep another copy with the record of the specified date sent to it under subsection (6) above and a copy of that certificate, in the public file of the society.
- (10) Rules registered under this paragraph shall take effect on the specified date for the rule or, if registration of the rules is not effected until a later date, that later date.
- (11) If the [F320FCA] has not, before the end of the transitional period, received from an existing registered friendly society copies of its rules as altered in accordance with subsection (5) above, the society shall be treated as having agreed upon such alteration of its rules as the [F320FCA] directs.
- (12) Where the [F320FCA] proposes to give a direction under subsection (11) above in relation to a society it shall—
- (a) serve on the society a notice stating that it proposes to give a direction; and
  - (b) consider any representations made by the society within such period (not being less than fourteen days) from the date on which the notice is served as the [F320FCA] may allow;
- and, if the society so requests, the [F320FCA] shall afford to it an opportunity of being heard by the [F320FCA] within that period.
- (13) Where under this section a society is treated as having agreed upon altered rules, the [F320FCA] shall prepare three copies of rules for the society and shall—
- (a) retain and register one copy,
  - (b) send another to the secretary of the society, together with a certificate of registration, and
  - (c) keep another copy, together with a copy of that certificate, in the public file of the society;

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and the rules so registered shall be for all purposes the rules of the society until amended under the 1974 Act.

- (14) In this section “the transitional period” means the period beginning with the commencement date for this section and expiring with such day as the [<sup>F322</sup>Treasury prescribe] by order.
- (15) Subsections (5) to (14) above apply to the rules of a registered branch of an existing friendly society as they apply to the rules of the society.

#### Textual Amendments

**F320** Word in s. 93 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 41](#) (with [Sch. 12](#))

**F321** Word in s. 93(5)(b) substituted (1.8.1996) by [S.I. 1996/1188](#) art. 5

**F322** Words in s. 93(14) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 103\(b\)](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)

#### Modifications etc. (not altering text)

**C17** [S. 93\(14\)](#): functions of Friendly Societies Commission transferred (17.8.2001) to the Treasury by [S.I. 2001/2617](#), [arts. 2\(b\)](#), [4\(1\)](#), [Sch. 1 Pt. II](#)

#### Commencement Information

**I26** [S. 93](#) wholly in force; [s. 93](#) not in force at Royal Assent see [s. 126\(2\)](#); [s. 93\(1\)-\(4\)](#) in force 1.2.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 3](#); [s. 93 \(5\)-\(15\)](#) in force at 1.1.1994 by [S.I. 1993/2213](#), [art. 2\(1\)](#), [Sch. 6](#)

#### Marginal Citations

**M15** [1974 c.46](#)

## 94 Registered friendly societies and branches: validation and ratification by members.

- (1) Subject to subsection (3) below, if action not permitted by the rules of a registered friendly society or a registered branch is taken by or on behalf of the society or branch, the action is valid (whether or not it would be valid apart from this subsection) if all the members of the society or branch—
- signified their agreement to it in writing before it was taken; or
  - signified their approval of it in writing before the end of the period of 28 days commencing with the day on which it was taken.
- (2) Subject to subsection (3) below, if a contract between a registered friendly society or branch and its members purports to create rights and obligations as to which the rules of the society or branch do not permit rights and obligations to be created, the contract shall be valid and shall bind all members of the society or branch if all members of the society or branch are parties to it.
- (3) This section does not validate the taking of any action or any term in a contract unless the matter falls within the capacity of a registered friendly society or branch under the 1974 Act or this Act.
- (4) In this section references to the members of a society or branch are to the members entitled to vote at a meeting of the society or branch.



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## 95 Amendments of 1974 Act.

Schedule 16 to this Act (which contains amendments to the 1974 Act) shall have effect.

### Commencement Information

**I27** S. 95 partly in force; s. 95 not in force at Royal Assent see s. 126(2); s. 95 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 2**; s. 95 in force for certain purposes at 1.2.1993 by S.I. 1993/16, art. 2, **Sch. 3**; s. 95 in force to the extent specified for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), **Sch. 2**; s. 95 in force to the extent specified at 13.9.1993 by S.I. 1993/2213, art. 2(1), **Sch. 3**; s. 95 in force to the extent specified at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 6**; s. 95 in force to the extent specified at 1.1.1994 by S.I. 1993/3226, **art. 2(1) Sch. 2**

### *Societies registered in Northern Ireland*

## 96 Extension of 1974 Act to Northern Ireland.

- (1) The 1974 Act shall extend to Northern Ireland.
- (2) Societies which, immediately before the commencement of subsection (1) above, were societies registered under any provision of section 1 of the <sup>M16</sup>Friendly Societies Act (Northern Ireland) 1970 shall be treated as if they were societies registered under the corresponding provision of section 7 of the 1974 Act.
- (3) A branch of a society registered under that Act of 1970 which is, immediately before the commencement of subsection (1) above, a registered branch of the society under that Act, shall be treated as a branch registered under the 1974 Act.
- (4) In consequence of subsections (1) to (3) above, the Friendly Societies Act (Northern Ireland) 1970 is repealed.

### Marginal Citations

**M16** 1970 c. 31 (N.I.).

### *Other miscellaneous provisions*

F323 **97** .....

### Textual Amendments

**F323** Ss. 97, 98 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

F324 **98** .....

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### Textual Amendments

**F324** Ss. 97, 98 repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

## 99 Insurance of lives of children under 10.

- (1) Subject to the following provisions of this section, if—
- (a) after this section comes into force a friendly society or registered branch [<sup>F325</sup>or an industrial assurance company] enters into a contract of insurance under which benefit in excess of £800 is payable on the death of any person; and
  - (b) that person dies under the age of 10,
- the obligation of the society, branch or company as to payment of benefit is only to pay £800 (without prejudice to any person's right to recover part of the premiums paid).
- (2) Subsection (1) above does not apply where the benefit is payable to a person who has an interest in the life of the person on whose death it is payable.
- (3) The [<sup>F326</sup>Treasury may] by order substitute some other sum for the sum for the time being specified in subsection (1) above.

<sup>F327</sup>(4) . . . . .

[<sup>F328</sup>(5) For the purposes of this section—

- (a) “industrial assurance company” means a person, other than a friendly society, who immediately before the repeal of the Industrial Assurance Act 1923, carried on industrial assurance business, and after that repeal is subject to an existing liability or a liability which may accrue under any policy effected in the course of that business;
- (b) “industrial assurance business” means business which, immediately before the repeal of the Industrial Assurance Act 1923, fell within section 1(2) of that Act.]

### Textual Amendments

**F325** Words in s. 99(1)(a) repealed (17.8.2001 for specified purposes) by [Financial Services and Markets Act 2000 \(Mutual Societies\) Order 2001](#) (S.I. 2001/2617), arts. 2(a), 8(1), 13(1), **Sch. 3 para. 105(a)**, **Sch. 4** (with art. 13(3), Sch. 5); however, S.I. 2001/2617, **Sch. 3 para. 105(a)** is revoked (1.12.2001) by [The Financial Services and Markets Act 2000 \(Consequential Amendments and Savings\) \(Industrial Assurance\) Order 2001](#) (S.I. 2001/3647), reg. 1, **Sch. 3 para. 23** and the words omitted by that subparagraph are to be treated as if they had not been omitted

**F326** Words in s. 99(3) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 105(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F327** S. 99(4) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F328** S. 99(5) inserted (1.12.2001) by S.I. 2001/3647, art. 5, **Sch. 3 para. 13**

### Modifications etc. (not altering text)

**C18** S. 99(3): Functions of Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5)

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F329 **100** .....

**Textual Amendments**

**F329** S. 100 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

F330 **101** .....

**Textual Amendments**

**F330** S. 101 repealed (1.12.2001) by S.I. 2001/3649, **arts. 1, 202(a)**

**PART X**

GENERAL AND SUPPLEMENTARY

*General*

**102 Power to amend, etc. to assimilate to company law or law relating to persons carrying on insurance business.**

- (1) If, on any modification of the statutory provisions in force in Great Britain or Northern Ireland relating—
  - (a) to companies; or
  - (b) to persons or bodies of persons, other than friendly societies, whether incorporated or not, carrying on insurance business (including reinsurance business),it appears to the Treasury to be expedient to modify the relevant provisions of this Act for the purpose of assimilating the law relating to friendly societies to the law as so modified, the Treasury may, by order, make such modifications of the relevant provisions of this Act as they think appropriate for that purpose.
- (2) The “relevant provisions of this Act” are the following provisions as for the time being in force, that is to say—
  - (a) so much of Part II as relates to winding up;
  - (b) Part IV;
  - (c) Part V;
  - (d) Part VI; and
  - (e) Part VIII.
- (3) The power conferred by subsection (1) above includes power to modify the relevant provisions of this Act so as to—
  - (a) confer power to make orders, regulations, rules or other subordinate legislation;
  - (b) create criminal offences; or

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- (c) provide for the charging of fees but not any charge in the nature of taxation.
- (4) An order under this section may—
  - (a) make consequential amendments of or repeals in other provisions of this Act; or
  - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient.
- (5) In this section—
  - “modification” includes any additions and, as regards modifications of the statutory provisions relating to companies, any modification whether effected by any future Act or by an instrument made after the passing of this Act under an Act whenever passed; and
  - “statutory provisions” includes the provisions of any instrument made under an Act.

**103 Power to modify [F331Part] VI in relation to particular friendly societies.**

- (1) The [F332appropriate authority] may, on the application or with the consent of a friendly society, F333 . . . direct that all or any of the provisions of Part F334 . . . VI of this Act [F335, or any provision of regulations made for the purposes of that Part,] shall not apply to the society or shall apply to it with such modifications as may be specified in the [F336direction].
- (2) [F337A direction] under this section may be subject to conditions.
- (3) [F338A direction] under this section may be revoked by the [F332appropriate authority] at any time; and the [F332appropriate authority], may at any time vary any such [F339direction] on the application or with the consent of the society to which it applies.
- [F340(3A) The PRA must consult the FCA before making, varying or revoking a direction under this section.
- (3B) The PRA must send the FCA a copy of any direction, variation or revocation under this section.]
- F341(4) . . . . .
- F341(5) . . . . .
- F341(6) . . . . .
- [F342(7) The FCA must keep in a register kept by it for the purposes of this subsection a copy of any direction, variation or revocation under this section.]
- F343(8) The register kept for the purposes of subsection (7) above shall be available for inspection on reasonable notice by members of the public.
- F343(9) The [F344[F345FCA] shall keep] a copy of—
  - (a) any direction F346 . . . under [F347this section], and
  - (b) any revocation or variation of any such direction, [F348and the central office shall keep the copy] in the public file of the society to which it relates.

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### Textual Amendments

- F331** Word in the sidenote to s. 103 substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F332** Words in s. 103(1)(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 42(2)** (with Sch. 12)
- F333** Words in s. 103(1) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F334** Words in s. 103(1) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F335** Words in s. 103(1) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(b)(iv)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F336** Word in s. 103(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(b)(v)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F337** Words in s. 103(2) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(c)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F338** Words in s. 103(3) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(d)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F339** Word in s. 103(3) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(d)(iii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F340** S. 103(3A)(3B) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 42(3)** (with Sch. 12)
- F341** S. 103(4)-(6) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F342** S. 103(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 42(4)** (with Sch. 12)
- F343** S. 103(4)-(9) inserted (1.8.1996) by S.I. 1996/1188 art. 6
- F344** Words in s. 103(9) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(g)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F345** Word in s. 103(9) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 42(5)(a)** (with Sch. 12)
- F346** Words in s. 103(9)(a) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 42(5)(b)** (with Sch. 12)
- F347** Words in s. 103(9)(a) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(g)(ii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F348** Words in s. 103(9) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 107(g)(iii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

### 104 Public file of a friendly society.

- (1) The [<sup>F349</sup>FCA] shall prepare and maintain a file relating to each friendly society (to be known as the public file) and the file shall—

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- (a) contain the documents or, as the case may be, copies of the documents and the records of the matters directed by or under any provision of this Act to be kept in the public file of the society; and
  - (b) be available for inspection on reasonable notice by members of the public [<sup>F350</sup>subject to paragraph (2A) below] below.
- [<sup>F351</sup>(1A) The requirement to prepare and maintain the public file of a friendly society does not apply in relation to a document, a copy of a document or a record, if the [<sup>F349</sup>FCA]—
- (a) prepares and maintains an electronic copy of the document, copy or record; and
  - (b) places the electronic copy on the [<sup>F349</sup>FCA]’s website.]
- (2) Any member of the public shall be entitled, [<sup>F352</sup>subject to paragraph (2A) below], to be furnished with a copy of all or any of the documents or records kept in the public file of a friendly society.
- [<sup>F353</sup>(2A) The [<sup>F349</sup>FCA] may charge a reasonable fee for making the public file available to any person for inspection under subsection (1)(b) above, [<sup>F354</sup>for making an electronic copy available under subsection (1A) above] or for furnishing any person with a copy of any documents or records under subsection (2) above.]
- (3) The [<sup>F349</sup>FCA] may keep in the public file of a registered friendly society any documents relating to a registered branch of the society which correspond to documents relating to the society which it is required to keep on that file.

#### Textual Amendments

- F349** Word in s. 104 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 43](#) (with [Sch. 12](#))
- F350** Words in s. 104(1)(b) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 108\(b\)\(i\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#) also substituted (1.12.2001) by [S.I. 2001/3649](#), [arts. 1](#), 203(5)(a)
- F351** S. 104(1A) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), [5\(a\)](#)
- F352** Words in s. 104(2) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 para. 108\(b\)\(ii\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#) also substituted (1.12.2001) by [S.I. 2001/3538](#), [arts. 1](#), 203(5)(b)
- F353** S. 104(2A) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), [Sch. 3 Pt. 1 para. 108\(c\)](#) (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- F354** Words in s. 104(2A) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), [5\(b\)](#)

## 105 Exemptions from stamp duty.

Stamp duty shall not be chargeable upon any document required or authorised by this Act, the 1974 Act or by the constitution of an incorporated friendly society or of a registered friendly society or registered branch.

### [<sup>F355</sup>105A] Stamp duty land tax

- (1) A land transaction effected by or in consequence of—
  - (a) an amalgamation of two or more friendly societies under section 85,

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- (b) a transfer of the engagements of a friendly society under section 86; or
  - (c) a transfer of the engagements of a friendly society pursuant to a direction given by the [<sup>F356</sup>appropriate authority] under section 90,
- is exempt from charge for the purposes of stamp duty land tax.
- (2) Relief under this section must be claimed in a land transaction return or an amendment of such a return.
  - (3) In this section—
    - “land transaction” has the meaning given by section 43(1) of the Finance Act 2003;
    - “land transaction return” has the meaning given by section 76(1) of that Act.]

#### Textual Amendments

**F355** S. 105A inserted (1.12.2003) by [The Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2003 \(S.I. 2003/2867\)](#), reg. 1, **Sch. para. 20**

**F356** Words in s. 105A(1)(c) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 44** (with Sch. 12)

### 106 Officers and auditors not to be exempted from liability.

- (1) Subject to subsection (3) below, any provision to which this section applies, whether contained in the constitution of a friendly society or in any contract with a friendly society or otherwise, shall be void.
- (2) This section applies to any provision for—
  - (a) exempting any member of the committee of management, other officer, or person employed as auditor of a friendly society from any liability which, by virtue of any rule of law, would otherwise attach to him in respect of the negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the society; or
  - (b) indemnifying any such person against any such liability.
- (3) Subsection (1) above shall not prevent a friendly society—
  - (a) from purchasing and maintaining for such a person insurance against any such liability; or
  - (b) from indemnifying such a person against any liability incurred by him in defending any proceedings (whether criminal or civil) in which judgement is given in his favour or in which he is acquitted.
- (4) [<sup>F357</sup>Section 1157 of the Companies Act 2006] (<sup>F358</sup>... which empowers the court to grant relief in certain cases of negligence, default, breach of duty or breach of trust) shall apply in relation to officers and auditors of a friendly society as it applies in relation to officers and auditors of a company.
- (5) For the purposes of this section a reference to an officer of a friendly society includes a reference to the appropriate actuary.



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### Textual Amendments

- F357** Words in s. 106(4) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 133(6)(a)** (with art. 10)
- F358** Words in s. 106(4) omitted (1.10.2009) by virtue of [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 133(6)(b)** (with art. 10)

## 107 Time limit for commencing proceedings.

- (1) Notwithstanding any limitation on the time for the taking of proceedings contained in any enactment, summary proceedings for any offence under this Act [<sup>F359</sup>, other than an offence in relation to which provision is made in subsection (1A),] may, subject to subsection (2) below, be commenced [<sup>F360</sup>by the FCA] at any time within the period of one year beginning with the date on which evidence sufficient in [<sup>F361</sup>its opinion] to justify a prosecution for the offence, comes to its knowledge.
- [<sup>F362</sup>(1A) Notwithstanding any limitation on the time for taking proceedings contained in any Act, summary proceedings for the offences under the provisions listed in subsection (1B), in the circumstances specified in that subsection in relation to those provisions, may be commenced by the PRA, after notifying the FCA, or by the FCA, after notifying the PRA, at any time within the period mentioned in subsection (1C).
- (1B) The provisions and the circumstances are—
- (a) section 20 (dissolution by consent), if the failure referred to in subsection (6) or (8) of that section relates to a failure to give notice to the PRA;
  - (b) section 21 (voluntary winding up), if the failure referred to in subsection (4) of that section relates to a failure to send a copy of the resolution to the PRA in accordance with subsection (2) of that section;
  - (c) section 25 (power of court to declare dissolution of building society void), if the failure referred to in subsection (5) of that section relates to a failure to send a copy of an order to the PRA in accordance with subsection (4) of that section;
  - (d) section 62 (powers to obtain information and documents etc.), if—
    - (i) the failure referred to in subsection (9) of that section is a failure to furnish any information or report, to produce any documents or material, or to provide any explanation or make any statement to the PRA, or
    - (ii) the information, explanation or statement referred to in subsection (10) or (11) of that section is furnished, provided or made to the PRA;
  - (e) section 65(4) and (5) (investigations), if the person appointed under subsection (1) of that section was appointed by the PRA;
  - (f) section 87(6) (actuary's report), if the PRA directed the transferee to furnish it with a report under subsection (3) of that section;
  - (g) Schedule 10, paragraph 24 (winding up by the court), if the failure referred to in sub-paragraph (4) of that paragraph relates to a failure to give notice to the PRA in accordance with sub-paragraph (3) of that paragraph;

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- (h) Schedule 10, paragraph 54 (winding up by the High Court), if the failure referred to in sub-paragraph (4) of that paragraph relates to a failure to give notice to the PRA in accordance with sub-paragraph (3) of that paragraph;
  - (i) Schedule 14, paragraph 3 (auditors: appointment), if the failure referred to in sub-paragraph (2) of that paragraph relates to a failure to give notice to the PRA in accordance with sub-paragraph (1) of that paragraph;
  - (j) Schedule 14, paragraph 9 (power of appropriate authority to require second audit), if the failure referred to in sub-paragraph (5) of that paragraph relates to a direction given by the PRA under paragraph (1) of that paragraph or a direction to send a copy of the report to the PRA in accordance with sub-paragraph (3) of that paragraph;
  - (k) Schedule 14, paragraph 10 (removal of auditors), if the failure referred to in sub-paragraph (3) of that paragraph relates to a failure to give notice to the PRA in accordance with sub-paragraph (2) of that paragraph;
  - (l) Schedule 14, paragraph 12 (resignation of auditors), if the default referred to in sub-paragraph (5) of that paragraph relates to a failure to give a copy of the notice to the PRA in accordance with sub-paragraph (4) of that paragraph; and
  - (m) Schedule 14, paragraph 15 (offences of failing to comply with paragraph 14 (statement by person ceasing to hold office)), if—
    - (i) the default referred to in sub-paragraph (1) of that paragraph relates to a failure to send a copy of a notice to the PRA in accordance with paragraph 14(2) or (7) of that Schedule, or
    - (ii) the default referred to in sub-paragraph (2) is the default of a PRA-  
authorised person.
- (1C) The period is one year beginning with the date on which evidence comes to the knowledge of one or both of the FCA and the PRA, being evidence sufficient in the opinion of the FCA or the PRA (as the case may be) to justify a prosecution.]
- (2) Nothing in subsection (1) [<sup>F363</sup>or (1A)] above shall authorise the commencement of proceedings for any offence at a time more than three years after the date on which the offence was committed.
- (3) For the purposes of [<sup>F364</sup>subsections (1) and (1C)] above a certificate, purporting to be signed by or on behalf of the [<sup>F365</sup>FCA or the PRA], as to the date on which such evidence as is mentioned in [<sup>F366</sup>the relevant subsection] came to its knowledge, shall be conclusive evidence of that date.
- [<sup>F367</sup>(4) In the application of this section to Scotland—
- (a) in subsection (1), omit the words “by the FCA”,
  - (b) omit subsections (1A), (1B) and (1C), and
  - (c) references to the FCA are to be read as references to the Lord Advocate.]
- (5) In the application of this section to Scotland, [<sup>F368</sup>section 136(1) of the Criminal Procedure (Scotland) Act 1995] shall apply for the purposes of this section as it applies for the purposes of that section.

#### Textual Amendments

**F359** Words in s. 107(1) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 45\(2\)\(a\)](#) (with Sch. 12)

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- F360** Words in s. 107(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(2)(b)** (with Sch. 12)
- F361** Words in s. 107(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(2)(c)** (with Sch. 12)
- F362** S. 107(1A)-(1C) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(3)** (with Sch. 12)
- F363** Words in s. 107(2) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(4)** (with Sch. 12)
- F364** Words in s. 107(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(5)(a)** (with Sch. 12)
- F365** Words in s. 107(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(5)(b)** (with Sch. 12)
- F366** Words in s. 107(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(5)(c)** (with Sch. 12)
- F367** S. 107(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 45(6)** (with Sch. 12)
- F368** Words in s. 107(5) substituted (1.4.1996) by 1995 c. 40 ss. 5, 7(2), Sch. 4 para. 84

## **108 Offences by bodies corporate, partnerships and unincorporated associations.**

- (1) Where an offence under this Act committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of any member of the committee of management, director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he, as well as the body corporate, shall be guilty of that offence and liable to be proceeded against and punished accordingly.
- (2) Where the affairs of a body corporate are managed by the members, subsection (1) above shall apply in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.
- (3) Where a partnership is guilty of an offence under this Act, every partner, other than a partner who is proved to have been ignorant of or to have attempted to prevent the commission of the offence, shall also be guilty of that offence and be liable to be proceeded against and punished accordingly.
- (4) Where an unincorporated association (other than a partnership) is guilty of an offence under this Act—
  - (a) every officer of the association who is bound to fulfil any duty of which the breach is the offence; or
  - (b) if there is no such officer, every member of the governing body other than a member who is proved to have been ignorant of or to have attempted to prevent the commission of the offence,
 shall also be guilty of the offence and be liable to be proceeded against and punished accordingly.

## **109 Defence of due diligence.**

In any proceedings for an offence under this Act, it shall be a defence for a person charged to prove that he took all reasonable precautions and exercised all due diligence to avoid the commission of such an offence by himself or any person under his control.

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## **[<sup>F369</sup>110 Jurisdiction of magistrates' courts in Northern Ireland.**

- (1) In Northern Ireland, a friendly society or an officer of a friendly society may be prosecuted for a summary offence under this Act before a magistrates' court acting for the county court division in which the registered office of the society is situated.
- (2) Subsection (1) is without prejudice to the provisions of the Magistrates' Courts (Northern Ireland) Order 1981 as to the jurisdiction of a magistrates' court.]

### **Textual Amendments**

**F369** S. 110 repealed (N.I.) (31.10.2016) by Justice Act (Northern Ireland) 2015 (c. 9), s. 106(2), Sch. 1 para. 101, **Sch. 9 Pt. 1** (with Sch. 8 para. 1); S.R. 2016/387, art. 2(k)(m) (with art. 3)

## **111 Evidence.**

- <sup>F370</sup>(1) Any document bearing the seal or stamp of the [<sup>F371</sup>FCA] shall be received in evidence without further proof.
- (1A) Any document purporting to have been signed by a person authorised to do so on behalf of the [<sup>F372</sup>FCA or the PRA], and every document purporting to be signed by any inspector or public valuer under this Act, shall, in the absence of any evidence to the contrary, be received in evidence without proof of the signature.
  - (1B) In subsections (1) and (1A), “document” means any document issued, received or created by the [<sup>F372</sup>FCA or the PRA] (or, as the case may be, by any inspector or public valuer under this Act) for the purposes of or in connection with this Act.]
- (2) Any printed document purporting to be a copy of the rules or memorandum of an incorporated friendly society or the rules of a registered friendly society or a registered branch and certified by the secretary or other officer of the society or branch to be a true copy of its rules or memorandum as registered, shall be received in evidence and shall, in the absence of any evidence to the contrary, be deemed to be a true copy of its rules or memorandum.

### **Textual Amendments**

**F370** S. 111(1)-(1B) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for s. 111(1) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 110** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F371** Word in s. 111(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 46(2)** (with Sch. 12)

**F372** Words in s. 111(1A)(1B) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 46(3)** (with Sch. 12)

## **112 Records of friendly societies.**

- (1) Subject to any other provision of this Act or regulations under it, any record to be kept by a friendly society may be kept in any manner.
- (2) Where any such record is not kept by making entries in a bound book, but by some other means, adequate precautions shall be taken for guarding against falsification and facilitating its discovery.

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- (3) The power in subsection (1) above includes power to keep the record by recording matters otherwise than in legible form so long as the recording is capable of being reproduced in a legible form; and any duty imposed by or under this Act to allow inspection of, or to furnish a copy of, the record or any part of it is to be treated as a duty to allow inspection of, or to furnish, a reproduction of the recording or of the relevant part of it in a legible form.
- (4) The [<sup>F373</sup>Treasury may by regulations], make such provision in addition to subsection (3) above as [<sup>F374</sup>they consider] appropriate in connection with such records as are kept otherwise than in legible form; and the regulations may make modifications of this Act so far as it relates to the records of friendly societies.
- (5) If default is made in complying with this section the society shall be guilty of an offence and liable on summary conviction—
  - (a) to a fine not exceeding level 4 on the standard scale; and
  - (b) in the case of a continuing offence, to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.

#### Textual Amendments

**F373** Words in s. 112(4) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3**, Pt. 1 para. 111(a) (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F374** Words in s. 112(4) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 111(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

#### Modifications etc. (not altering text)

**C19** S. 112(4): functions of Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

### 113 Service of notices.

- (1) This section has effect in relation to any notice, directions or other document required or authorised by or under any provision of this Act or by the rules of a friendly society to be served on any person other than the [<sup>F375</sup>FCA or the PRA] but subject, in the case of notices or other documents to be given or sent to members of a friendly society, to any provision of its rules.
- (2) Any such document may be served on the person in question—
  - (a) by delivering it to him;
  - (b) by leaving it at his proper address; <sup>F376</sup>...
  - (c) by sending it by post to him at that address [<sup>F377</sup>; or
  - (d) by sending it by electronic means to an electronic address notified by the person for the purpose.]
- (3) Any such document may—
  - (a) in the case of a friendly society, be served on the secretary of the society;
  - (b) in the case of a body corporate (other than an incorporated friendly society), be served on the secretary or clerk of that body;
  - (c) in the case of a partnership, be served on any partner;

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- (d) in the case of an unincorporated association, other than a partnership or a registered friendly society or registered branch, be served on any member of its governing body.
- (4) For the purposes of this section and section 7 of the <sup>M17</sup>Interpretation Act 1978 (service of documents) in its application to this section, the proper address of any person is—
- (a) in the case of a friendly society or its secretary, the address of its registered office;
  - (b) in the case of a member of an incorporated friendly society, his registered address;
  - (c) in the case of a member of the committee of management or the chief executive of a friendly society, his officially notified address;
  - (d) in the case of a body corporate (other than an incorporated friendly society), its secretary or clerk, the address of its registered or principal office in the United Kingdom;
  - (e) in the case of an unincorporated association (other than a partnership, registered friendly society or registered branch) or a member of its governing body, its principal office in the United Kingdom;
- and, in any other case, his last-known address (whether of his residence or of a place where he carries on business or is employed).

#### Textual Amendments

**F375** Words in s. 113(1) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 47](#) (with Sch. 12)

**F376** Word in s. 113(2) omitted (12.4.2011) by virtue of [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), [8\(a\)](#)

**F377** S. 113(2)(d) and word inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), [8\(b\)](#)

#### Marginal Citations

**M17** 1978 c. 30.

### <sup>F378</sup>114 Form of documents.

- (1) [<sup>F379</sup>Each of the FCA and the PRA may], by directions under this section, make provision with respect to the form of, and the particulars to be included in [<sup>F380</sup>, and the authentication of,] any document to be sent to it under this Act or the 1974 Act.

[ The PRA and the FCA must each consult the other before issuing a direction under <sup>F381</sup>(1A) this section if the document in question is required to be sent to both of them.]

- (2) The directions have effect subject to any other provision of or made under this Act.

[ As regards the authentication of a document sent to [<sup>F383</sup>it] electronically, [<sup>F384</sup>each of <sup>F382</sup>(3) the FCA and the PRA] may—

- (a) require the document to be authenticated by a particular person or a person of a particular description;
- (b) specify the means of authentication;
- (c) require the document to contain or be accompanied by the name or registered number of the society to which it relates (or both).



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- (4) As regards the procedure to be followed in sending a document electronically, [<sup>F385</sup>each of the FCA and the PRA] may specify requirements as to the hardware and software to be used, and technical specifications (for example, matters relating to protocol, security, anti-virus protection or encryption).
- (5) Directions made by [<sup>F386</sup>the FCA or the PRA] under this section must not require documents to be sent electronically.
- (6) In this section, a document is sent electronically if it is sent by electronic means or in electronic form.]]

#### Textual Amendments

- F378** S. 114 substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3**, Pt. 1 para. 113 (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**; s. 114(2)(3) expressed to be repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**; s. 114 substituted (1.12.2001) by S.I. 2001/3649, **arts. 1**, 204(1)
- F379** Words in s. 114(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 48(2)** (with Sch. 12)
- F380** Words in s. 114(1) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **6(1)**
- F381** S. 114(1A) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 48(3)** (with Sch. 12)
- F382** S. 114(3)-(6) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **6(2)**
- F383** Word in s. 114(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 48(4)(a)** (with Sch. 12)
- F384** Words in s. 114(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 48(4)(b)** (with Sch. 12)
- F385** Words in s. 114(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 48(5)** (with Sch. 12)
- F386** Words in s. 114(5) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 48(6)** (with Sch. 12)

#### 115 Provision as to information supplied for purposes of social security.

- (1) Subject to any exceptions or conditions prescribed by regulations of the Secretary of State, the Secretary of State shall at the request of any person claiming benefit from an incorporated friendly society provide the society for the purposes of the claim with a copy or abstract of any medical certificate relating to that person and supplied by him to the Secretary of State for the purposes of the enactments relating to social security.
- (2) Where the Secretary of State furnishes an incorporated friendly society, in connection with a claim for benefit from the society with information relating to a claim or award under those enactments, the expenses incurred in connection with his doing so by the Secretary of State or any other government department shall be treated as expenses in carrying those enactments into effect.
- [<sup>F387</sup>(3) In this section, references to the Secretary of State shall be construed as including references to the Department of Health and Social Services for Northern Ireland.]



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#### Textual Amendments

**F387** S. 115(3) inserted (1.4.1995) by S.I. 1995/710, **reg. 6**

### Interpretation

#### 116 Friendly societies etc.

In this Act—

[<sup>F388</sup>“ballot” means—

- (a) a postal ballot (within the meaning of paragraph 8 of Schedule 12),
- (b) an electronic ballot (within the meaning of paragraph 8A of that Schedule), or
- (c) a combined ballot (within the meaning of paragraph 8B of that Schedule);]

“friendly society” means an incorporated friendly society or a registered friendly society;

“incorporated friendly society” means a society incorporated under this Act;

“registered branch” means a branch of a registered friendly society which is separately registered within the meaning of the 1974 Act;

“registered friendly society” means a society registered within the meaning of the 1974 Act by virtue of section 7(1)(a) of that Act or any enactment which it replaced.

#### Textual Amendments

**F388** Words in s. 116 inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **18**

#### Commencement Information

**I28** Ss. 116-119 wholly in force at 8.6.1992 see s. 126(2) and S.I. 1992/1325, **art. 2(c)**.

#### 117 Insurance business etc.

(1) For the purposes of this Act—

“annual contribution income” means, in relation to a friendly society’s long term business, the income of the society in a financial year without any deduction for reinsurance cessions;

[<sup>F389</sup>“commitment” means, in relation to a friendly society to which section 37(2) applies, a commitment represented by insurance business of any class of Head A of Schedule 2 to this Act;]

“insurance business” means long term business and general business but [<sup>F390</sup>, except for the purposes of sections 87 and 88 above,] does not include the operations of a society whose benefits vary according to the resources available and which require each of its members to contribute on a flat-rate basis;

[<sup>F391</sup>“direct insurance business” means insurance business other than reinsurance business and “direct insurance” shall be construed accordingly;]

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“long term business” means insurance business of any of the classes specified in head A of Schedule 2 to this Act; and

“general business” means insurance business of any of the classes specified in head B of that Schedule.

- (2) For the purposes of any provision of Parts IV, V, VI and VIII of this Act, unless the context otherwise requires—
- (a) references to insurance business include references to reinsurance business; and
  - (b) reinsurance business consisting of the effecting and carrying out of a contract of reinsurance of risks of any class shall be taken to constitute the carrying on of insurance business of that class;
- and “reinsurance business” means the effecting and carrying out of contracts of reinsurance.
- (3) For the purposes of this Act the effecting and carrying out of a contract whose principal object is within one class of insurance business, but which contains related and subsidiary provisions within another class or classes, shall be taken to constitute the carrying on of insurance business of the first-mentioned class, and no other, if subsection (4) or (5) below applies to the contract.
- (4) This subsection applies to a contract whose principal object is within any class of long term business, but which contains subsidiary provisions within general business class 1 or 2, if the society concerned is authorised under section 32 above to carry on long term business class I.
- (5) This subsection applies to a contract whose principal object is within one of the classes of general business but which contains subsidiary provisions within another of those classes.
- <sup>F392</sup>(6) In relation to a contract of insurance entered into by a person on any date with a friendly society to which section 37(3) above applies the effecting of which constitutes general business, or a contract of insurance entered into by a person on any date with a friendly society to which section 37(2) above applies the effecting of which constitutes long term business, references in this Act to the [<sup>F393</sup>member or EEA State] where the risk or commitment is situated shall be construed as follows—
- (a) where that person is an individual, as references to the [<sup>F393</sup>member or EEA State] where he has his habitual place of residence on that date; and
  - (b) in any other case, as references to the [<sup>F393</sup>member or EEA State] where the establishment of that person to which the contract relates is situated on that date.
- (7) In relation to any other contract of insurance with a friendly society, references in this Act to the member State where the risk is situated shall be construed as references to the member State where the person who has entered into the contract has his habitual place of residence.]
- <sup>F394</sup>(8) .....
- <sup>F395</sup>(9) In this Act “establishment”, in relation to a friendly society to which section 37(2) or (3) above applies, means the registered office or an overseas branch of the society.

Any permanent presence of such a society in an EEA State other than the United Kingdom shall be regarded for those purposes as a single overseas branch, whether that presence consists of a single office which, or two or more offices each of which—

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- (a) is managed by the society’s own staff;
- (b) is an agency of the society; or
- (c) is managed by a person who is independent but has permanent authority to act for the society in the same way as an agency.]

#### Textual Amendments

- F389** Definition in s. 117(1) inserted (1.1.1994) by S.I. 1993/2519, **reg. 7(1)**
- F390** Words in definition in s. 117(1) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 114** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F391** Definition in s. 117(1) added (1.9.1994) by S.I. 1994/1984, **reg. 29(1)**
- F392** S. 117(6)(7) substituted for s. 117(6) (1.1.1994) by S.I. 1993/2519, **reg. 7(2)**
- F393** Words in s. 117(6) substituted (1.9.1994) by S.I. 1994/1984, **reg. 29(2)**
- F394** S. 117(8) repealed (1.12.2001) by S.I. 2001/3649, **arts. 1, 205(1)**
- F395** S. 117(9) inserted (1.9.1994) by S.I. 1994/1984, **reg. 29(3)**

#### Commencement Information

- I29** Ss. 116-119 wholly in force at 8.6.1992 see s. 126(2) and S.I. 1992/1325, **art. 2(c)**.

### 118 Financial year of friendly societies.

- (1) Subject to subsection (2) below, in this Act “financial year” means the period of 12 months ending with 31st December.
- (2) The initial financial year of a friendly society shall be such period as expires with the end of the calendar year in which it is registered under the 1974 Act or incorporated under this Act and the final financial year of the society shall be such shorter period than 12 months as expires with the date as at which the society makes up its final accounts.

#### Commencement Information

- I30** Ss. 116-119 wholly in force at 8.6.1992 see s. 126(2) and S.I. 1992/1325, **art. 2(c)**.

### 119 General interpretation.

- (1) In this Act, unless the context otherwise requires—
  - “the 1974 Act” means the <sup>M18</sup>Friendly Societies Act 1974;
  - “actuary” means an actuary possessing [<sup>F396</sup>such qualifications, if any, as may be specified in rules made by the Authority under section 340 of the Financial Services and Markets Act 2000 (and subsections (3) to (6) of that section apply in relation to an actuary appointed by virtue of any provision of this Act as they apply in relation to an actuary appointed in compliance with such rules)];
  - “annuities on human life” does not include superannuation allowances and annuities payable out of any fund applicable solely to the relief and maintenance of persons engaged or who have been engaged in any particular profession, trade or employment, or of the dependants of such persons;
  - <sup>F397</sup>...
  - “appointed actuary” means the actuary appointed [<sup>F398</sup>in accordance with rules made under section 340 of the Financial Services and Markets Act 2000];

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“the appropriate actuary” means—

- (a) if the society is under [<sup>F399</sup> a duty imposed by rules made by the Authority under section 340 of the Financial Services and Markets Act 2000], the society’s appointed actuary; and
- (b) if it is not under [<sup>F400</sup> such a] duty, an actuary appointed to perform the function in question;

[<sup>F401</sup>“the appropriate authority” means—

- (a) in relation to a society which is a PRA-authorised person, the PRA; and
- (b) in relation to a society which is not a PRA-authorised person, the FCA;]

F402 ...

F402 ...

F402 ...

F402 ...

F402 ...

“committee of management” means the committee of management or other directing body of a society or branch;

F403 ...

“contract of insurance” includes any contract the effecting of which constitutes the carrying on of insurance business by virtue of section 117 above;

[<sup>F404</sup>“controller” has the meaning given by section 55A above;]

“the court” except in relation to the winding-up of an incorporated friendly society, means—

- (a) in the case of a body whose registered office is situated in England and [<sup>F405</sup> Wales, the county court;
- (aa) in the case of a body whose registered office is situated in] Northern Ireland, the county court for the district in which the office is situated;
- (b) in the case of a body whose registered office is situated in Scotland, the sheriff in whose jurisdiction the office is situated;

and, in relation to the winding-up of an incorporated friendly society, means the court which has jurisdiction under the applicable winding-up legislation to wind-up the society;

F402 ...

F406 ...

[<sup>F407</sup>“EEA State” has the meaning given by Schedule 1 to the Interpretation Act 1978 (c. 30);]

[<sup>F408</sup>“EFTA State” means an EEA State which is not a member State;]

[<sup>F409</sup>“electronic address” means any number or address used for the purposes of sending or receiving documents or information by electronic means;]

[<sup>F401</sup>“the FCA” means the Financial Conduct Authority;]

“financial year” is to be construed in accordance with section 118;

F410 ...

F411 ...

F412 ...

F411 ...

“group business” is to be construed in accordance with section 11 above;

“jointly controlled body” is to be construed in accordance with section 13 above;

F411 ...

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[<sup>F413</sup>“manager”, in relation to a friendly society to which section 37(2) or (3) above applies, means any person (other than an employee of a society) appointed by the society to manage any part of its insurance business, or any employee of the society (other than a chief executive) who, under the immediate authority of a member of the committee of management or chief executive of the society—

- (a) exercises managerial functions, or is responsible for maintaining accounts or other records of the society; and
- (b) is not a person whose functions relate exclusively to business conducted from a place of business which is not in a member State;]

“memorandum” has the meaning given by paragraph 4(3) of Schedule 3 to this Act;

“modifications”, in relation to enactments, includes additions, omissions and amendments [<sup>F414</sup>and cognate expressions are to be construed accordingly];

“non-insurance business” means business falling within head C of Schedule 2 to this Act;

“notice” means written notice and “notice to” a person means notice given to that person, and “notify” shall be construed accordingly;

<sup>F402</sup>  
...

“officer” means—

- (a) in relation to a registered friendly society or a registered branch—
  - (i) a trustee;
  - (ii) the treasurer, secretary and chief executive (however described);
  - (iii) a member of the committee of management; and
  - (iv) a person appointed by the society or branch to sue or be sued on its behalf; or
- (b) in relation to an incorporated friendly society, a member of the committee of management, the chief executive (however described) and the secretary;

[<sup>F401</sup>“the PRA” means the Prudential Regulation Authority;]

[<sup>F401</sup>“PRA-authorized person” has the meaning in section 2B of the Financial Services and Markets Act 2000;]

“the public file”, in relation to a friendly society, means the file relating to the society which the [<sup>F415</sup>FCA] is required to maintain under section 104 above;

“registered address”, in relation to a member of an incorporated friendly society, has the meaning given by paragraph 14(6) of Schedule 3 to this Act;

<sup>F416</sup>  
...

<sup>F411</sup>  
...

[<sup>F417</sup>“the Solvency 2 Directive” means Directive [2009/138/EC](#) of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II);]

“special resolution” has the meaning given by paragraph 7 of Schedule 12 to this Act;

“subscription” includes any premium or other sum (however described) payable, in respect of the provision of benefits, by (or on behalf of) a member of a friendly society under the rules of the society;

“subsidiary” is to be construed in accordance with section 13 above; and

[<sup>F418</sup>“supervisory authority”, in relation to an EEA State other than the United Kingdom, means the authority responsible in that State for supervising

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[<sup>F419</sup>persons whose business consists of effecting or carrying out contracts of insurance];]

F420 ...

F411 ...

F421 ...

[<sup>F422</sup>(1AA) Any reference in this Act to the seal of the [<sup>F423</sup>FCA] is a reference to the seal provided for in regulations made under section 109(1)(b) of the Friendly Societies Act 1974 (and not to the [<sup>F424</sup>FCA's] common seal).]

<sup>F425</sup>(1A) .....

<sup>F426</sup>(1B) .....

[<sup>F427</sup>(1C) In the definition of “supervisory authority” in subsection (1), the reference to contracts of insurance and to effecting or carrying out such contracts must be read with—

- (a) section 22 of the Financial Services and Markets Act 2000;
- (b) any relevant order under that section; and
- (c) Schedule 2 to that Act.]

<sup>F428</sup>(1D) .....

(2) References in this Act to the “ECU” are to the unit of account of that name defined in Council Regulation (EEC) No.3180/78 as amended; and the exchange rates as between the ECU and pounds sterling to be applied for each year beginning on 31st December shall be the rates applicable on the last day of the preceding October for which exchange rates for the currencies of all the member States were published in the Official Journal of the Communities.

<sup>F429</sup>(3) .....

### Textual Amendments

**F396** Words in the definition of “actuary” in s. 119(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 115(a)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F397** Words in s. 119(1) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 49(2)(a)** (with Sch. 12)

**F398** Words in the definition of “appointed actuary” in s. 119(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 115(a)(iii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F399** S. 119(1): Words in para. (a) of the definition of “appropriate actuary” substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 115(a)(iv)(A)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F400** S. 119(1): Words in para. (b) of the definition of “appropriate actuary” substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 115(a)(iv)(B)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F401** Words in s. 119(1) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 49(2)(c)** (with Sch. 12)

**F402** Definitions of “the central office”, “the Chief Registrar”, “collecting society”, “the Commission”, “the criteria of prudent management” and “notifiable voting rights” in s. 119(1) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

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- F403** Words in s. 119(1) omitted (1.1.2016) by virtue of The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(3)(a)(i)**
- F404** S. 119(1): definition inserted (1.9.1994) by S.I. 1994/1984 reg. 30(a)
- F405** Words in s. 119(1) substituted (22.4.2014) by Crime and Courts Act 2013 (c. 22), s. 61(3), **Sch. 9 para. 85(2)**; S.I. 2014/954, art. 2(c) (with art. 3) (with transitional provisions and savings in S.I. 2014/956, arts. 3-11)
- F406** Words in s. 119(1) omitted (29.6.2008) by virtue of The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), **10(a)**
- F407** Words in s. 119(1) substituted (29.6.2008) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), **10(b)**
- F408** S. 119(1): definition inserted (1.9.1994) by S.I. 1994/1984, **reg. 30(b)**
- F409** Words in s. 119(1) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **4(1)**
- F410** Words in s. 119(1) omitted (1.1.2016) by virtue of The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(3)(a)(ii)**
- F411** Words in s. 119(1) omitted (11.1.2005) by virtue of The Life Assurance Consolidation Directive (Consequential Amendments) Regulations 2004 (S.I. 2004/3379), regs. 1, **3(3)(b)**
- F412** Words in s. 119(1) omitted (1.1.2016) by virtue of The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(3)(a)(iii)**
- F413** S. 119(1): definitions of “the life Directives” and “manager” substituted for definition of “the life Directives” (1.9.1994) by S.I. 1994/1984, **reg. 30(d)**
- F414** Words in s. 119 inserted (with effect in accordance with art. 1(2) of the amending S.I.) by The Friendly Societies Act 1992 (International Accounting Standards and Other Accounting Amendments) Order 2005 (S.I. 2005/2211), art. 1(2), **Sch. para. 4**
- F415** Word in s. 119(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 49(2)(b)** (with Sch. 12)
- F416** Words in s. 119(1) omitted (1.1.2016) by virtue of The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(3)(a)(iv)**
- F417** Words in s. 119(1) inserted (1.1.2016) by The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(3)(b)**
- F418** Words in s. 119(1) inserted (1.9.1994) by S.I. 1994/1984, **reg. 30(f)**
- F419** Words in the definition of “supervisory authority” in s. 119(1) substituted (1.12.2001) by The Financial Services and Markets Act 2000 (Consequential Amendments and Repeals) Order 2001 (S.I. 2001/3649), arts. 1, **205(3)**
- F420** Words in s. 119(1) omitted (1.1.2016) by virtue of The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(3)(a)(v)**
- F421** Words in s. 119(1) omitted (17.8.2001 for specified purposes and 1.12.2001 for all other purposes) by virtue of The Financial Services and Markets Act 2000 (Mutual Societies) Order 2001 (S.I. 2001/2617), arts. 2, Sch. 3 para. 115(a)(vii), **Sch. 4** (with art. 13(3), Sch. 5)
- F422** S. 119(1AA) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by The Financial Services and Markets Act 2000 (Mutual Societies) Order 2001 (S.I. 2001/2617), arts. 2, 8(1), 13(1), **Sch. 3 para. 115(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F423** Word in s. 119(1AA) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 49(3)(a)** (with Sch. 12)
- F424** Word in s. 119(1AA) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 49(3)(b)** (with Sch. 12)
- F425** S. 119(1A) omitted (1.1.2016) by virtue of The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(4)**
- F426** S. 119(1B) repealed (1.12.2001) by The Financial Services and Markets Act 2000 (Consequential Amendments and Repeals) Order 2001 (S.I. 2001/3649), arts. 1, **205(5)**
- F427** S. 119(1C) inserted (1.12.2001) by The Financial Services and Markets Act 2000 (Consequential Amendments and Repeals) Order 2001 (S.I. 2001/3649), arts. 1, **205(6)**



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**F428** S. 119(1D) omitted (1.1.2016) by virtue of [The Solvency 2 Regulations 2015 \(S.I. 2015/575\)](#), reg. 1(2), [Sch. 1 para. 19\(4\)](#)

**F429** S. 119(3) omitted (1.1.2016) by virtue of [The Solvency 2 Regulations 2015 \(S.I. 2015/575\)](#), reg. 1(2), [Sch. 1 para. 19\(4\)](#)

#### Commencement Information

**I31** Ss. 116-119 wholly in force at 8.6.1992 see s. 126(2) and [S.I. 1992/1325](#), [art. 2\(c\)](#).

#### Marginal Citations

**M18** 1974 c. 46.

### [<sup>F430</sup>119A Meaning of “associate”.

(1) In this Act “associate”, in relation to any person entitled to exercise or control the exercise of voting power in relation to a friendly society to which section 37(2) or (3) above applies, means—

- (a) the wife or husband [<sup>F431</sup>or civil partner] or minor son or daughter of that person;
- (b) any company of which that person is a director;
- (c) any person who is an employee or partner of that person;
- (d) if that person is a company—
  - (i) any director of that company;
  - (ii) any subsidiary undertaking of that company;
  - (iii) any director or employee of any such subsidiary undertaking; and
- (e) if that person has made an agreement or arrangement with any other person under which they undertake to act together in exercising their voting power in relation to the society, that other person.

(2) In this section—

“minor”, in relation to Scotland, means not having attained the age of sixteen;

“son” includes stepson and “daughter” includes stepdaughter;

“subsidiary undertaking” has the same meaning as in the Insurance Companies Act 1982 <sup>M19</sup>.

#### Textual Amendments

**F430** S. 119(A) inserted (1.9.1994) by [S.I. 1994/1984](#) reg. 31

**F431** Words in s. 119A(1)(a) inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), s. 263(10)(b), [Sch. 27 para. 142](#); [S.I. 2005/3175](#), art. 2(2)

#### Marginal Citations

**M19** 1982 c.50.

### [<sup>F432</sup>119A Meaning of electronic form, electronic means etc.

(1) The following provisions apply for the purposes of this Act.

(2) A document or information is sent in electronic form if it is sent—

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- (a) by electronic means (for example, by email or fax), or
- (b) by any other means while in electronic form (for example, sending a disk in the post).

References to “electronic copy” have a corresponding meaning.

- (3) A document or information is sent by electronic means if it is—
  - (a) sent initially and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and
  - (b) entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means.

References to “electronic means” have a corresponding meaning.

- (4) A document or information sent in electronic form must be sent in a form, and by a means, that the sender reasonably considers will enable the recipient—
  - (a) to read it, and
  - (b) to retain a copy of it.
- (5) For the purposes of this section, a document or information can be read only if—
  - (a) it can be read with the naked eye, or
  - (b) to the extent that it consists of images (for example photographs, pictures, maps, plans or drawings), it can be seen with the naked eye.
- (6) The provisions of this section apply whether the provision of this Act in question uses the word “send” or uses other words (such as “furnish”, “circulate”, “provide”, “produce”, “supply”, “give” or “deliver”) to refer to the sending of a document or information.

#### **Textual Amendments**

**F432** Ss. 119AA, 119AB inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), 4(2)

#### **119AB. Communications by means of a website**

- (1) For the purposes of this Act, a person (A), other than the <sup>F433</sup>FCA and the PRA], makes a document or information available on a website to another person (B) if each of the following conditions is satisfied.
- (2) The first condition is that B—
  - (a) has agreed (generally or specifically) that A may make the document or information available to B in that manner, and
  - (b) has not revoked that agreement.
- (3) The second condition is that A has notified B of—
  - (a) the presence of the document or information on the website,
  - (b) the address of the website,
  - (c) the place on the website where the document or information may be accessed, and
  - (d) how to access the document or information.

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- (4) The third condition is that the document or information is present on the website for the whole of the period—
- (a) beginning when A sends B the notification referred to in subsection (3) or, if later, when the document or information first appears on the website, and
  - (b) ending with the end date specified for the purposes of this paragraph in the provision of, or made under, this Act that requires or permits A to send the document to B.
- (5) If the document or information is absent from the website for part of the period referred to in subsection (4), the absence is to be disregarded if it is wholly attributable to circumstances that it would not be reasonable to have expected A to prevent or avoid.
- (6) A is not to be regarded as making a document available on a website for the purposes of this section if the website is the [F434the FCA's or the PRA's] website (an electronic copy of the document having been placed there in reliance on section 104(1A)(b)).]

#### Textual Amendments

- F432** Ss. 119AA, 119AB inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **4(2)**
- F433** Words in s. 119AB substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 50(a)** (with Sch. 12)
- F434** Words in s. 119AB substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 50(b)** (with Sch. 12)

F435 **119B** .....

#### Textual Amendments

- F435** S. 119B repealed (1.12.2001) by [S.I. 2001/2617](#), arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), **art. 2(1)**

### Supplementary

#### 120 Amendments and repeals.

- (1) The enactments specified in Schedule 21 to this Act shall have effect with the amendments made by that Schedule.
- (2) The enactments specified in Schedule 22 to this Act are repealed to the extent specified in the third column of that Schedule.

#### Commencement Information

- I32** S. 120 partly in force; s. 120 not in force at Royal Assent see s. 126(2); s. 120(1) partly in force at 1.1.1993 by [S.I. 1992/3117](#), **art. 2(ii)**; s. 120(2) in force to the extent specified at 13.1.1993 by [S.I. 1993/16](#), **art. 2, Sch. 2**; s. 120 in force to the extent specified at 1.2.1993 by [S.I. 1993/16](#), **art. 2, Sch. 3**; s. 120(2) in force to the extent specified at 5.2.1993 by [S.I. 1993/197](#), **art. 2**; s. 120(2) in force to the extent specified at 13.9.1993 by [S.I. 1993/2213](#), **art. 2(1), Sch. 3**; s. 120(2) in force to the extent

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specified at 1.1.1994 by S.I. 1993/2213, art. 2(1), Schs. 5, 6; s. 120 in force to the extent specified at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2; S. 120(2) in force to the extent specified at 1.11.1994 by S.I. 1994/2543, art. 2(3)(a)

## 121 Orders and regulations.

- (1) Any power of the Treasury <sup>F436</sup> . . . to make regulations or an order under this Act is exercisable by statutory instrument.
- (2) Any statutory instrument containing such regulations or such an order, other than an order under [<sup>F437</sup>section 5] above or section 126 below, shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) Any power conferred by this Act to make such regulations or such an order includes power—
  - (a) to make different provision for different cases; and
  - (b) to make transitional, consequential or supplementary provision.

### Textual Amendments

**F436** Words in s. 121(1) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

**F437** Words in s. 121(2) substituted (29.6.2008) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), 8

### Commencement Information

**I33** S. 121 wholly in force at 8.6.1992 see s. 126(2) and S.I. 1992/1325, art. 2(d).

<sup>F438</sup>122 .....

### Textual Amendments

**F438** S. 122 repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

## 123 Power to make transitional, consequential etc. provisions.

- (1) The Treasury may by regulations make such transitional and consequential provisions and such savings as they consider necessary or expedient in preparation for, in connection with, or in consequence of—
  - (a) the coming into force of any provision of this Act; or
  - (b) the operation of any enactment repealed or amended by a provision of this Act during any period when the repeal or amendment is not wholly in force.
- (2) Regulations under this section may make modifications of any enactment contained in this or in any other Act.

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#### Commencement Information

**I34** S. 123 wholly in force at 8.6.1992 see s. 126(2) and S.I. 1992/1325, **art. 2(f)**.

### 124 Northern Ireland.

(1) This Act extends to Northern Ireland.

<sup>F439</sup>(2) .....

#### Textual Amendments

**F439** S. 124(2) repealed (2.12.1999) by 1998 c.47, s. 100(2), **Sch. 15**; S.I. 1999/3209, art. 2, **Sch.**

### 125 Channel Islands and Isle of Man.

(1) Her Majesty may by Order in Council direct that any of the provisions of this Act or any instrument made under it shall extend, with such modifications (if any) as may be specified in the Order, to—

- (a) any of the Channel Islands; or
- (b) the Isle of Man.

(2) An Order in Council under this section may make such transitional, incidental or supplementary provision as appears to Her Majesty to be necessary or expedient.

### 126 Short title and commencement.

(1) This Act may be cited as the Friendly Societies Act 1992.

(2) This Act shall come into force on such day as the Treasury may by order appoint and different days may be appointed for different provisions or different purposes.

(3) An order under subsection (2) above may contain such transitional provisions and savings (whether or not involving the modification of any statutory provision) as appear to the Treasury necessary or expedient in connection with the provisions brought into force.

#### Subordinate Legislation Made

**P1** S. 126(2) power partly exercised (3.6.1992): 8.6.1992 appointed for specified provisions by S.I. 1992/1325, **art. 2**  
s. 126(2) power partly exercised (9.12.1992): 1.1.1993 appointed for specified provisions by S.I. 1992/3117, **art. 2**  
S. 126(2) power partly exercised (4.1.1993): 13.2.1993 and 1.2.1993 appointed for specified provisions by S.I. 1993/16  
S. 126(2) power partly exercised (3.2.1993): 5.2.1993 appointed for specified provisions by S.I. 1993/197  
S. 126(2) power partly exercised (22.4.1993): 28.4.1993 appointed for specified provisions by S.I. 1993/1186  
S. 126(2) power partly exercised (8.9.1993): 13.9.1993, 1.1.1994 and 1.7.1994 appointed for specified provisions by S.I. 1993/2213

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S. 126(2) power partly exercised (22.12.1993): 1.1.1994 and 1.1.1995 appointed for specified provisions by [S.I. 1993/3226](#)

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**Commencement Information**

**I35** S. 126 wholly in force at 8.6.1992 see [s. 126\(2\)](#) and [S.I. 1992/1325, art. 2.](#)

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## SCHEDULES

### <sup>F440</sup>SCHEDULE 1

#### Textual Amendments

**F440** Sch. 1 repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 3 para. 119, **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

### SCHEDULE 2

Sections 5 and 7.

#### THE ACTIVITIES OF A FRIENDLY SOCIETY

A. Long term business of one or more of the following classes:

<i>Number</i>	<i>Description</i>	<i>Nature of business</i>
I	Life and annuity	Effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life, but excluding (in each case) contracts within Class III below.
II	Marriage [ <sup>F441</sup> , civil partnership] and birth	Effecting and carrying out contracts of insurance to provide a sum on marriage [ <sup>F442</sup> or on the formation of a civil partnership] or on the birth of a child, being contracts expressed to be in effect for a period of more than one year.
III	Linked long term	Effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or



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		not specified in the contracts) or by reference to fluctuation in, or in an index of, the value of property of any description (whether or not so specified).
IV	Permanent health	Effecting and carrying out contracts of insurance providing specified benefits against risks of persons becoming incapacitated in consequence of sustaining injury as a result of an accident or of an accident of a specified class or of sickness or infirmity, being contracts that:  (a) are expressed to be in effect for a period of not less than five years, or until the normal retirement age for the persons concerned, or without limit of time, and  (b) either are not expressed to be terminable by the insurer, or are expressed to be so terminable only in special circumstances mentioned in the contract.
V	Tontines	Effecting and carrying out tontines.
VI	Capital redemption	Effecting and carrying out capital redemption contracts.
VII	Pension fund management	Effecting and carrying out—  (a) contracts to manage the investments of pension funds; or  (b) contracts of the kind mentioned in paragraph (a) above that are combined with contracts of insurance covering either conservation of capital or payment of a minimum interest.

#### Textual Amendments

**F441** Words in Sch. 2 inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), s. 263(10)(b), Sch. 27 para. 143(a); S.I. 2005/3175, art. 2(2)

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**F442** Words in Sch. 2 inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), s. 263(10)(b), Sch. 27 para. 143(b); S.I. 2005/3175, art. 2(2)

B. General business of one or more of the following classes:

<i>Number</i>	<i>Description</i>	<i>Nature of business</i>
1	Accident	<p>Effecting and carrying out contracts of insurance providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of the person insured:</p> <p>(a) sustaining injury as the result of an accident or of an accident of a specified class, or</p> <p>(b) dying as the result of an accident or of an accident of a specified class, or</p> <p>(c) becoming incapacitated in consequence of disease or of disease of a specified class,</p> <p>inclusive of contracts relating to industrial injury and occupational disease but exclusive of contracts falling within Class 2 below or within Class IV in head A of this Schedule (permanent health).</p>
2	Sickness	<p>Effecting and carrying out contracts of insurance providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of the two) against risks of loss to the persons insured attributable to sickness or infirmity, but exclusive of contracts falling within Class IV in head A of this Schedule.</p>
3	Miscellaneous financial loss	<p>Effecting and carrying out contracts of insurance against any of the following risks, namely:</p>

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- (a) risks of loss to the persons insured attributable to their being unemployed, or
  - (b) risks of loss to the persons insured attributable to their being in distressed circumstances, or
  - (c) risks of loss to the persons insured attributable to sickness or infirmity,
- but exclusive of contracts falling within Class 2 above or Class IV in head A of this Schedule.
- 

C. Business, not falling within the descriptions of insurance business in head A or B above, consisting of the effecting and carrying out of contracts in accordance with which benefits are provided—

(a) for the relief or maintenance of any persons during sickness or when in distressed circumstances; or

(b) to meet the funeral expenses of any persons.

D. Activities carried out in accordance with the society's rules (or with arrangements made under the rules) whereby discretionary benefits are provided—

(a) for the education of any persons;

(b) for the relief or maintenance of any persons during sickness, when out of employment or when in distressed circumstances; or

(c) for the funeral expenses of any persons.

### SCHEDULE 3

Section 5.

#### ESTABLISHMENT, INCORPORATION AND CONSTITUTION OF INCORPORATED FRIENDLY SOCIETIES

##### *Requirements for establishment and incorporation*

1 (1) Any 7 or more persons may establish a society under this Act by taking the following steps—

(a) agreeing upon the purposes of the society and upon the extent of its powers in a memorandum the provisions of which comply with the requirements of this Schedule;

(b) agreeing upon rules for the regulation of the society which comply with the requirements of this Schedule; and

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- (c) sending to the <sup>F443</sup>FCA] 3 copies of the memorandum and the rules, each copy signed by at least 7 of those persons (or, if there are only 7, by all of them) and (unless the secretary is to be elected) by the intended secretary.
- (2) Where two or more friendly societies propose to amalgamate under section 85 above, they shall establish their successor society by—
- (a) agreeing upon the purposes of their successor and upon the extent of its powers in a memorandum the provisions of which comply with the requirements of this Schedule;
  - (b) agreeing upon rules for the regulation of their successor which comply with the requirements of this Schedule;
  - (c) each approving the memorandum and the rules by special resolution; and
  - (d) sending to the <sup>F443</sup>FCA] 3 copies of the rules and of the memorandum, each copy signed by the secretary of each of the societies participating in the amalgamation.
- (3) Where copies of the memorandum and the rules are sent to the <sup>F443</sup>FCA] in accordance with sub-paragraph (1)(c) or (2)(d) above, the <sup>F443</sup>FCA], if satisfied that—
- (a) the memorandum and the rules are in conformity with this Act; and
  - (b) the intended name of the society is not, in its opinion, undesirable,
- shall register the society and issue it with a certificate of incorporation.
- (4) The <sup>F443</sup>FCA] shall not register a society as the successor society to any friendly societies proposing to amalgamate unless <sup>F444</sup>the appropriate authority<sup>F445</sup> . . . has confirmed the proposed amalgamation under section 85 above.
- <sup>F446</sup>(5) The <sup>F443</sup>FCA] shall not register a society which, if it were registered <sup>F447</sup> . . . , would be a society to which section 37(2) or (3) above applies if the <sup>F443</sup>FCA] is satisfied that the principal place of business of the society is to be situated outside the United Kingdom; <sup>F447</sup> . . . ]

#### Textual Amendments

- F443** Word in Sch. 3 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 51(2)** (with Sch. 12)
- F444** Words in Sch. 3 para. 1(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 51(3)** (with Sch. 12)
- F445** Words in Sch. 3 para. 1(4) repealed (1.12.2001) by S.I. 2001/2617, art. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F446** Sch. 3 para. 1(5) inserted (18.7.1996) by S.I. 1996/1669, **reg. 14(2)**
- F447** Words in Sch. 3 para. 1(5) repealed (1.12.2001) by S.I. 2001/2617, art. 2(b), 13(2), **Sch. 4** (with art. 13(2), Sch. 5); S.I. 2001/3538, **art. 2(1)**

#### Commencement Information

- I51** Sch. 3 para. 1 wholly in force; Sch. 3 para. 1 not in force at Royal Assent see s. 126(2); Sch. 3 para. 1 in force at 1.2.1993 by S.I. 1993/16, art. 2, **Sch. 3**

- 2 (1) A registered friendly society may be incorporated under this Act only if the following steps are taken—

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- (a) the proposal to apply for incorporation is submitted to the members of the society for their consent by the procedure required for a proposal to amend the rules (or, in the case of a society with branches, the general rules) of the society;
  - (b) consent to the application is given in accordance with that procedure;
  - (c) the society agrees, in accordance with that procedure—
    - (i) upon the purposes of the society after incorporation, and upon the extent of its powers, in a memorandum the provisions of which comply with the requirements of this Schedule; and
    - (ii) upon rules for the regulation of the society after incorporation which comply with the requirements of this Schedule; and
  - (d) there are sent to the [F443FCA]—
    - (i) 3 copies of the memorandum and the rules, each signed by at least 7 members and by the secretary of the society; and
    - (ii) a statutory declaration by the secretary that the steps mentioned in paragraphs (a) and (b) above were taken.
- (2) Where copies of the memorandum, the rules and the statutory declaration are sent to the [F443FCA] in accordance with paragraph (c) of sub-paragraph (1) above, the [F443FCA], if satisfied that—
- (a) the steps mentioned in sub-paragraph (1)(a) and (b) were taken;
  - (b) the provisions of the memorandum and the rules are in conformity with this Act; <sup>F448</sup> . . .
  - (c) the name proposed for the society after incorporation is not, in its opinion, undesirable,
- shall register the society and issue it with a certificate of incorporation.
- <sup>F448</sup>[<sup>F449</sup>and
- (d) in the case of a society to which section 37(2) or (3) above applies, the principal place of business of the society is situated in the United Kingdom.]

#### Textual Amendments

**F443** Word in Sch. 3 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 51(2) (with Sch. 12)

**F448** Word in Sch. 3 para. 2(2)(b) omitted (18.7.1996) by virtue of S.I. 1996/1669, reg. 14(3)

**F449** Sch. 3 para. 2(2)(d) and the word “and” immediately preceding it inserted (18.7.1996) by S.I. 1996/1669, reg. 14(3)

#### Commencement Information

**I52** Sch. 3 para. 2 wholly in force; Sch. 3 para. 2 not in force at Royal Assent see s. 126(2); Sch. 3 para. 2 in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3

- 3 On registering a society under paragraph 1 or 2 above, the [F443FCA] shall—
- (a) retain and register one copy of the memorandum and of the rules;
  - (b) return another copy to the secretary of the society, together with a certificate of registration; and

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- (c) keep another copy, a copy of the certificate of incorporation and a copy of the certificate of registration of the memorandum and the rules, in the public file of the society.

#### Textual Amendments

**F443** Word in [Sch. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 51\(2\)](#) (with [Sch. 12](#))

#### Commencement Information

**I53** [Sch. 3 para. 3](#) wholly in force; [Sch. 3 para. 3](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 3 para. 3](#) in force at 1.2.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 3](#)

#### *The memorandum*

- 4 (1) The memorandum of an incorporated friendly society shall—
- (a) specify the name of the society;
  - (b) state whether the registered office of the society is to be situated in England and Wales, or in Scotland, or in Northern Ireland;
  - (c) specify the address of its registered office;
  - (d) state the purposes of the society and the extent of its powers; and
  - (e) if any of those purposes are to include the carrying on of any business outside the United Kingdom, state with respect to those purposes that that is the case.
- (2) The choice stated in a society’s memorandum in pursuance of sub-paragraph (1)(b) above may not be altered by the society.
- (3) In this Act, in relation to an incorporated friendly society, “memorandum” means the memorandum registered under paragraph 3 above, including the record of any alteration under paragraph 6 below.

#### Commencement Information

**I54** [Sch. 3 para. 4](#) wholly in force; [Sch. 3 para. 4](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 3 para. 4](#) in force at 1.2.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 3](#)

#### *The rules*

- 5 (1) The rules of an incorporated friendly society shall provide for the matters specified in the Table in sub-paragraph (3) below.
- (2) Nothing in this paragraph shall be taken to authorise any provision in the rules of a society which is inconsistent with, or rendered void by, this Act (or any instrument made under it).
- (3) The Table referred to in sub-paragraph (1) above is as follows:—
- TABLE OF MATTERS TO BE COVERED BY THE RULES
- (1) The terms of admission of members and the manner in which membership is to cease.

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- (2) If the terms on which a benefit is provided are not in the rules, the manner in which they are to be determined.
- (3) Any forfeitures which may be imposed on any member.
- (4) The consequences of non-payment of any subscription.
- (5) The manner of remunerating the auditors.
- (6) As respects the officers—
  - (a) the manner of their election or appointment and their removal;
  - (b) the manner of remunerating them; and
  - (c) the circumstances in which pensions may be awarded to persons by virtue of their office and the method of determining the terms of such pensions.
- (7) The powers and duties of the committee of management.
- (8) The investment of the funds of the society.
- (9) The manner in which disputes are to be settled.
- (10) If the society has a common seal, the form, custody and use of the seal.
- (11) The calling and holding of meetings and, in particular—
  - (a) the right to requisition meetings;
  - (b) the right to move resolutions at meetings;
  - (c) the manner in which notice of meetings, and of any resolutions to be moved at meetings, is to be given;
  - (d) the procedure to be observed at meetings;
  - (e) the form of notice for the convening of a meeting;
  - (f) the voting rights of members, the right to demand a poll and the manner in which a poll is to be taken.
- (12) The entitlement of members to participate in the distribution of any surplus assets after payments to creditors, on the winding up, or dissolution by consent, of the society.
- (13) The procedure for altering the society's memorandum and rules.

#### Commencement Information

**I55** Sch. 3 para. 5 wholly in force; Sch. 3 para. 5 not in force at Royal Assent see s. 126(2); Sch. 3 para. 5 in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3

#### *Requirements for alteration of memorandum and rules*

- 6 (1) An incorporated friendly society may in the manner prescribed by its rules alter the memorandum or rules of the society by the addition, rescission or variation of any provision.
- (2) Sub-paragraph (1) above does not apply to any alteration to which section 13(6) above applies or which is prohibited by paragraph 4(2) above.
- (3) An alteration to the name or registered office of an incorporated friendly society shall (instead of being effected under this paragraph) be effected under paragraph 9 or 12 below; and it is not necessary to alter the memorandum or rules of such a society by reason only that its name or registered office is changed.



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- (4) Where a society makes an alteration of its memorandum or rules under this paragraph, it shall send to the [F443FCA]—
- (a) 3 copies of a record of the alteration signed by the secretary; and
  - (b) a statutory declaration by the secretary that the alteration was made in accordance with the procedure prescribed by the society’s rules.
- (5) On making an alteration of its memorandum or rules under this paragraph the society shall determine the date on which it intends the alteration to take effect; and the record of the alteration shall specify that date (in this paragraph referred to as “the specified date”).
- (6) Where copies of a record of an alteration of a society’s memorandum or rules are sent to the [F443FCA] under sub-paragraph (4) above and the [F443FCA] is satisfied that the alteration is in conformity with this Act, the [F443FCA] shall—
- (a) retain and register one of the copies;
  - (b) return another to the secretary of the society together with a certificate of registration of the alteration; and
  - (c) keep another copy, together with a copy of the certificate of registration of the alteration, in the public file of the society.
- (7) An alteration of the memorandum or rules of a society under this paragraph shall not take effect until the specified date or, if the alteration is registered under sub-paragraph (6) above on a later date, the date on which the certificate of registration is issued.
- (8) If an incorporated friendly society arranges for the publication in consolidated form of its memorandum or rules as altered for the time being—
- (a) it shall send a copy to the [F443FCA]; and
  - (b) the [F443FCA] shall keep the copy in the public file of the society;
- but the [F443FCA] shall not register the copy.
- (9) If an incorporated friendly society fails, within the period of 3 months beginning with the date on which an alteration to its memorandum or rules is made, to comply with sub-paragraph (4) above, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.

#### Textual Amendments

**F443** Word in [Sch. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 51\(2\)](#) (with [Sch. 12](#))

#### Commencement Information

**I56** [Sch. 3 para. 6](#) wholly in force; [Sch. 3 para. 6](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 3 para. 6](#) in force at 1.2.1993 by [S.I. 1993/16](#), art. 2, [Sch. 3](#)

### *Membership*

- 7 A person under 18—
- (a) may, if the rules do not otherwise provide, be admitted as a member of an incorporated friendly society and, if he is over 16 by himself, and if he is

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- under 16 by his parent or guardian, execute all instruments and give all receipts necessary to be executed or given under the rules;
- (b) may not vote or hold any office in the society; and
- (c) may not nominate, or join in nominating, a person for election as a member of the committee of management, or (if the secretary is elected) as secretary, of the society.

**Commencement Information**

**I57** Sch. 3 para. 7 wholly in force; Sch. 3 para. 7 not in force at Royal Assent see s. 126(2); Sch. 3 para. 7 in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3

*Liability of members*

- 8 (1) The liability of a member of an incorporated friendly society is limited to the amount of any subscription to the society which is outstanding.
- (2) No subscription of a member of an incorporated friendly society shall be recoverable at law except on the winding up of the society.

**Commencement Information**

**I58** Sch. 3 para. 8 wholly in force; Sch. 3 para. 8 not in force at Royal Assent see s. 126(2); Sch. 3 para. 8 in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3

*Name*

- 9 (1) The name of an incorporated friendly society must have "Limited" as its last word, except that, if the society is to be registered with a memorandum stating that its registered office is to be situated in Wales, the name may have "cyfyngedig" (the Welsh equivalent of "Limited") as its last word.
- (2) <sup>F450</sup> .....
- (3) If the society has a common seal, it shall bear the registered name of the society.
- (4) An incorporated friendly society may change its name by a resolution of the society in general meeting after the giving of such notice as is required for a special resolution.
- (5) Where a society changes its name under this paragraph, notice of the change shall be sent to the [<sup>F443</sup>FCA] and, unless it is of the opinion that the changed name is undesirable, the [<sup>F443</sup>FCA] shall—
  - (a) register the notice of the change of name;
  - (b) issue the society with a certificate of registration; and
  - (c) keep a copy of the certificate of registration in the public file of the society.
- (6) A change of name shall not take effect until the date on which the certificate of registration under sub-paragraph (5) above is issued or such later date as may be specified in the certificate.
- (7) A change of name shall not affect the rights and obligations of the society, of any of its members or of any other person concerned.

*Status: Point in time view as at 29/06/2017.*

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#### Textual Amendments

- F443** Word in [Sch. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 51\(2\)](#) (with [Sch. 12](#))
- F450** [Sch. 3 para. 9\(2\)](#) repealed (1.8.1996) by [S.I. 1996/1188](#) [art. 7](#)

#### Commencement Information

- I59** [Sch. 3 para. 9](#) partly in force; [Sch. 3 para. 9](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 3 para. 9\(1\)\(3\)-\(7\)](#) in force 2.1.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 3](#)

- 10 (1) Every incorporated friendly society shall have its name mentioned in legible characters—
- (a) in all its business letters, its notices and its other official publications;
  - (b) in all its bills of parcels, invoices, receipts and letters of credit; <sup>F451</sup> ...
  - (c) in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the society.
  - <sup>F452</sup>(d) in all its business correspondence and documentation that takes electronic form; and
  - (e) on all its websites.]
- (2) Where the name of an incorporated friendly society does not include the words “friendly society”, the fact that it is an incorporated friendly society shall be shown in legible characters in all documents such as are mentioned in sub-paragraph (1) above.
- <sup>F453</sup>(3) The reference in this paragraph to a society’s websites includes a reference to a section of another person’s website—
- (a) which relates to the society; and
  - (b) which the society placed, or the placement of which the society authorised, on the other person’s website.]

#### Textual Amendments

- F451** Word in [Sch. 3 para. 10\(1\)](#) omitted (12.4.2011) by virtue of [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), [arts. 1\(1\)](#), [9\(a\)](#)
- F452** [Sch. 3 para. 10\(1\)\(d\)\(e\)](#) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), [arts. 1\(1\)](#), [9\(b\)](#)
- F453** [Sch. 3 para. 10\(3\)](#) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), [arts. 1\(1\)](#), [9\(c\)](#)

#### Commencement Information

- I60** [Sch. 3 para. 10](#) wholly in force; [Sch. 3 para. 10](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 3 para. 10](#) in force at 1.2.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 3](#)

#### *Offences relating to society’s name*

- 11 (1) If an incorporated friendly society—
- (a) fails, within the period of 3 months beginning with the date on which a resolution changing its name is passed, to send to the <sup>F443</sup>FCA] the notice required by paragraph 9(5) above; or
  - (b) fails to comply with paragraph 10(1) or (2) above;

*Status: Point in time view as at 29/06/2017.*

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the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

- (2) If an officer of an incorporated friendly society or a person on its behalf—
- (a) issues or authorises the issue of any business letter, notice or other official publication of the society or any bill of parcels, invoice, receipt or letter of credit of the society in which the society's name is not mentioned as required by paragraph 10(1) above; or
  - (b) signs or authorises to be signed on behalf of the society any bill of exchange, promissory note, endorsement, cheque or order for money or goods in which the society's name is not so mentioned,

he shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale; and, in the case of the conduct mentioned in paragraph (b) above, he is further personally liable to the holder of the bill of exchange, promissory note, cheque or order for money or goods for the amount of it (unless it is duly paid by the society).

- (3) If an officer of an incorporated friendly society whose name does not include the words "friendly society" or a person on its behalf—
- (a) issues or authorises the issue of any such document as is mentioned in sub-paragraph (2)(a) above, and the fact that it is an incorporated friendly society is not shown in legible characters in the document; or
  - (b) signs or authorises to be signed on behalf of the society any such document as is mentioned in sub-paragraph (2)(b) above, and the fact that it is an incorporated friendly society is not shown in legible characters in the document,

he shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale; and, in the case of the conduct mentioned in paragraph (b) above, he is further personally liable to the holder of the bill of exchange, promissory note, cheque or order for money or goods for the amount of it (unless it is duly paid by the society).

#### Textual Amendments

**F443** Word in [Sch. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 51\(2\)](#) (with [Sch. 12](#))

#### Commencement Information

**I61** [Sch. 3 para. 11](#) wholly in force; [Sch. 3 para. 11](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 3 para. 11](#) in force at 1.2.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 3](#)

#### *Change of registered office*

- 12 (1) An incorporated friendly society may change its registered office in such manner as its rules prescribe or, if the rules do not provide for that matter, by a resolution of the society in general meeting after the giving of such notice as is required for a special resolution.
- (2) Notice of any such change shall be sent to the [<sup>F443</sup>FCA] and the [<sup>F443</sup>FCA] shall—
- (a) register the notice of the change of registered office;
  - (b) issue the society with a certificate of registration; and

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- (c) keep a copy of the certificate of registration in the public file of the society.
- (3) A change of registered office shall not take effect until the date on which the certificate of registration under sub-paragraph (2) above is issued or such later date as may be specified in the certificate.
- (4) If an incorporated friendly society fails, within the period of 3 months beginning with the date on which a resolution changing its registered office is passed, to send to the [<sup>F443</sup>FCA] the notice required by sub-paragraph (2) above, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.

#### Textual Amendments

**F443** Word in [Sch. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013](#) (S.I. 2013/496), [art. 1\(1\)](#), [Sch. 9 para. 51\(2\)](#) (with [Sch. 12](#))

#### Commencement Information

**I62** [Sch. 3 para. 12](#) wholly in force; [Sch. 3 para. 12](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 3 para. 12](#) in force at 1.2.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 3](#)

#### *Societies to supply copies of rules etc*

- 13 (1) An incorporated friendly society shall, on demand, give a copy of its statutory documents—
- (a) free of charge, to any member of the society to whom a copy of those documents has not previously been given; and
- (b) to any other person, upon payment of such fee as the society may require, not exceeding the prescribed amount.
- (2) The reference in sub-paragraph (1) above to a copy of an incorporated friendly society's statutory documents is a reference to—
- (a) a <sup>F454</sup>... copy of the society's rules for the time being, with a copy of the certificate of incorporation of the society annexed to it; and
- (b) a <sup>F454</sup>... copy of the memorandum of the society for the time being.
- (3) If an incorporated friendly society fails to comply with the requirements of sub-paragraph (1) above, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.
- (4) In sub-paragraph (1) above the "prescribed amount" means £1 or such other amount as the [<sup>F455</sup>Treasury prescribe] by order.

#### Textual Amendments

**F454** Word in [Sch. 3 para. 13\(2\)](#) omitted (12.4.2011) by virtue of [The Mutual Societies \(Electronic Communications\) Order 2011](#) (S.I. 2011/593), [arts. 1\(1\)](#), [10](#)

**F455** Words in [Sch. 3 para. 13\(4\)](#) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), [arts. 2](#), [8\(1\)](#), [13\(1\)](#), [Sch. 3 para. 120\(d\)](#) (with [art. 13\(3\)](#), [Sch. 5](#)); [S.I. 2001/3538](#), [art. 2\(1\)](#)

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#### Modifications etc. (not altering text)

**C22** Sch. 3 para. 13(4): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

#### Commencement Information

**I63** Sch. 3 para. 13 wholly in force; Sch. 3 para. 13 not in force at Royal Assent see s. 126(2); Sch. 3 para. 13 in force at 1.2.1993 by S.I. 1993/16, art. 2, **Sch. 3**

#### Register of members

- 14 (1) Every incorporated friendly society shall maintain a register of the names and addresses of the members of the society.
- [<sup>F456</sup>(1A) Where a member has notified to the society an electronic address for the purpose of receiving notices or documents under this Act, the requirement under sub-paragraph (1) includes a requirement to secure that the register shows—
- (a) that electronic address; and
  - (b) the purposes for which it has been notified.]
- (2) The register shall be kept at the registered office or at such other place or places as the committee of management thinks fit.
- (3) A society which was previously a registered friendly society need not enter in the register the address of a member who became a member before its incorporation while it has no address for him and his whereabouts are unknown.
- (4) Where it appears to an incorporated friendly society that the registered address shown in the register for a member is no longer current, the society—
- (a) may remove that address from the register; and
  - (b) need not enter in the register an address for that member while it has no address for him and his whereabouts are unknown.
- [<sup>F457</sup>(4A) Where it appears to an incorporated friendly society that an electronic address shown on the register pursuant to sub-paragraph (1) is no longer current, the society may remove that address from the register.]
- (5) If an incorporated friendly society contravenes sub-paragraph (1) above, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.
- (6) For the purposes of this Act “registered address”, in relation to a member of an incorporated friendly society, means—
- (a) the [<sup>F458</sup>postal] address shown in the register mentioned under this paragraph, except in a case where paragraph (b) below applies;
  - (b) where the member has requested that communications from the society be sent to some other address [<sup>F459</sup>(not being an electronic address)], that other address.

#### Textual Amendments

**F456** Sch. 3 para. 14(1A) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **11(2)(a)**



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**F457** Sch. 3 para. 14(4A) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **11(2)(b)**

**F458** Word in Sch. 3 para. 14(6)(a) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **11(2)(c)**

**F459** Words in Sch. 3 para. 14(6)(b) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **11(2)(d)**

#### Commencement Information

**I64** Sch. 3 para. 14 wholly in force; Sch. 3 para. 14 not in force at Royal Assent see s. 126(2); Sch. 3 para. 14 in force at 1.2.1993 by S.I. 1993/16, art. 2, **Sch. 3**

#### *Inspection of records by members*

- 15 (1) Subject to sub-paragraph (2) below, a member or person having an interest in the funds of an incorporated friendly society may inspect the records at all reasonable hours at the registered office of the society or at any other place where they are kept.
- (2) Unless he is an officer of the society or is specially authorised by resolution of the society to do so, a member or such a person shall not have the right to inspect the loan account of any other member without the written consent of that member.

#### Commencement Information

**I65** Sch. 3 para. 15 wholly in force; Sch. 3 para. 15 not in force at Royal Assent see s. 126(2); Sch. 3 para. 15 in force at 1.2.1993 by S.I. 1993/16, art. 2, **Sch. 3**

## SCHEDULE 4

Section 6.

### INCORPORATION OF REGISTERED FRIENDLY SOCIETIES: SUPPLEMENTARY

#### *Preliminary*

- 1 (1) This Schedule has effect in relation to an incorporated friendly society (“the incorporated society”) which was formerly a registered friendly society (“the registered society”); and in this Schedule “incorporation” means the incorporation of that society.
- (2) In this Schedule “branch”, in relation to the registered society, means any registered or unregistered branch of the society and, in relation to the incorporated society, means a group of members provided for by the rules of the society—
- (a) which is under the control, and bound to contribute to the funds, of the society; and
  - (b) which has its own funds and other property vested in trustees and administered (in accordance with its rules) by the members of the group themselves, or through its own committee or other officers.
- (3) In this Schedule references to an agreement include references to any agreement (whether in writing or not) and any deed, bond or other instrument.



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- (4) Nothing in section 6 above or this Schedule shall be taken as affecting any power or liability of a branch of a registered friendly society to secede or to be expelled from that society.

*Schemes under section 6(5)*

- 2 (1) This paragraph applies to a registered society with branches which proposes—
- (a) that the incorporated society will have branches; and
  - (b) that any of those branches is to be treated as a continuation of a branch of the registered society.
- (2) The registered society may, by the procedure required to amend the rules of the society, approve a scheme under subsection (5) of section 6 above (a “scheme”) identifying property, rights and liabilities of a branch which are to continue to be property, rights and liabilities of the branch (as a branch of the incorporated society) and so are to be excluded from transfer under subsection (4) of that section.
- (3) A scheme—
- (a) may deal with property, rights and liabilities of one or more branches of the registered society; and
  - (b) may, instead of specifying any property, rights and liabilities of a branch of the registered society, refer to all the property, rights and liabilities referable to such part of its activities as is specified in the scheme.
- (4) A scheme may not identify for exclusion from transfer under section 6(4) above any property, rights or liabilities of a branch of the registered society which are referable only to an activity of the branch which a branch of the incorporated society would (by virtue of section 7(5) above) be unable to carry on on its own behalf.
- (5) On making a scheme the registered society shall send to the [F<sup>460</sup>FCA]—
- (a) 4 copies of the scheme, each signed by the secretary;
  - (b) a statutory declaration by the secretary that the scheme was duly approved by the society;
  - (c) in the case of a scheme identifying any property, rights or liabilities of a branch which was (immediately before incorporation) carrying on any insurance or non-insurance business, a certificate from the appropriate actuary that the incorporated society will, on incorporation, possess sufficient assets to meet such of the liabilities to be transferred to the society from that branch as are referable to that business.
- (6) On receiving copies of a scheme, the [F<sup>460</sup>FCA] shall, if satisfied that the society has duly approved the scheme—
- (a) retain and register one copy of the scheme;
  - (b) return another copy to the secretary of the registered society, together with a certificate of registration;
  - (c) keep another copy in the public file of the registered society and, after incorporation, in the public file of the incorporated society;
- and the [F<sup>460</sup>FCA] shall not register the incorporated society under this Act until after it has registered the scheme.

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### Textual Amendments

**F460** Word in [Sch. 4 para. 2](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 52](#) (with [Sch. 12](#))

### *Effect of incorporation on registered society*

- 3 (1) Subject to the provisions of this Act, the incorporated society shall be treated after incorporation as the same person as the registered society.
- (2) Without prejudice to the generality of sub-paragraph (1) above, any agreement made, transaction effected or other thing done by, to or in relation to the registered society which is in force or effective immediately before incorporation shall have effect as if made, effected or done by, to or in relation to the incorporated society; and, accordingly, references to the society—
- (a) in any agreement;
  - (b) in any process or other document issued, prepared or employed for the purposes of any proceeding before any court or other tribunal or authority; and
  - (c) in any other document whatsoever (other than an enactment) relating to or affecting any property, right or liability of the society,
- shall be taken as referring to the incorporated society.
- 4 On incorporation of the registered society—
- (a) a person who was immediately before incorporation a member of the registered society shall be a member of the incorporated society;
  - (b) any appointment as trustee or treasurer of the society shall determine; and
  - (c) all other persons who were officers of the registered society shall become officers, holding corresponding offices, of the incorporated society;
- but paragraph (c) above is without prejudice to anything done by the society after incorporation as respects the election or appointment of members of its committee of management and its other officers.
- 5 Any agreement made by the registered society which is in force immediately before incorporation shall have effect as if—
- (a) for references to members of the registered society there were substituted references to members of the incorporated society;
  - (b) for references to officers of the registered society (other than its trustees or treasurer) there were substituted references to the corresponding officers of the incorporated society;
  - (c) for references to the trustees of the registered society there were substituted references to the incorporated society; and
  - (d) for references to the treasurer of the registered society there were substituted references to such person as the incorporated society may appoint or in default of appointment to the officer of that society who corresponds as nearly as may be to the treasurer.
- 6 It is hereby declared for the avoidance of doubt that—
- (a) any contract of employment with the registered society in force immediately before incorporation is merely modified by the substitution of

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- the name of the incorporated society as the employer (and is not terminated or varied in any other way);
- (b) any period of employment with the registered society shall count for all purposes as a period of employment with the incorporated society; and
  - (c) the rights and liabilities referred to in section 6 above include any rights and liabilities subsisting immediately before incorporation—
    - (i) under any agreement or arrangement for the payment of pensions, allowances or gratuities; or
    - (ii) under the law of any country or territory outside the United Kingdom.
- 7 (1) The final financial year of the registered friendly society shall be such period not exceeding 12 months as expires immediately before its incorporation.
- (2) Anything which, if it had not been incorporated, would be required to be done by the registered society at a time after its incorporation shall be done by the incorporated society.
- (3) If the incorporated friendly society fails to do anything which it is required to do by virtue of sub-paragraph (2) above, the society and its officers shall be subject to the sanctions to which the registered friendly society and its officers would have been subject if the society had failed to do it.

*Effect of incorporation on branches of registered society*

- 8 (1) This paragraph applies where the property, rights and liabilities of a branch of the registered society (“the branch”) are all transferred to the incorporated society by section 6(4) above.
- (2) The provisions of paragraphs 3 to 7 above shall apply in relation to the branch as they apply in relation to the registered society—
  - (a) with the omission from paragraph 4 of the words following “shall determine”; and
  - (b) in paragraph 5, with the substitution for references to the members, officers, trustees or treasurer of the society of references to the corresponding officers of the branch;and the branch shall be deemed to be dissolved immediately after the transfer of its property, rights and liabilities to the incorporated society.
- 9 (1) This paragraph applies where the property, rights and liabilities of a branch of the registered society are all excluded by virtue of a scheme from transfer to the incorporated society.
- (2) On incorporation of the registered society, the property, rights and liabilities of the branch shall continue as property, rights and liabilities of the branch (as a branch of the incorporated society).
- (3) The branch of the incorporated society shall be treated as a continuation of the branch of the registered society; and so on incorporation—
  - (a) any member of the branch shall continue as a member; and
  - (b) any trustee, treasurer or other officer of the branch immediately before incorporation shall continue in office;but paragraphs (a) and (b) above are without prejudice to anything done after incorporation as respects the membership and officers of the branch.

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- 10 (1) This paragraph applies where some of the property, rights and liabilities of a branch of the registered society are transferred to the incorporated society by section 6(4) above and some are excluded from transfer by virtue of a scheme.
- (2) As respects the property, rights and liabilities transferred from the branch to the incorporated society, the provisions of paragraphs 3, 5, 6 and 7 above shall apply in relation to the branch as they apply in relation to the registered society—
- (a) with, in paragraph 5, the substitution for references to the members, officers, trustees or treasurer of the society of references to the corresponding officers of the branch; and
  - (b) with the omission of paragraph 7(1).
- (3) On incorporation of the registered society, the property, rights and liabilities of the branch which are excluded from transfer shall continue as property, rights and liabilities of the branch (as a branch of the incorporated society).
- (4) As respects the property, rights and liabilities so excluded, the branch shall, after incorporation of the registered society, be treated as a continuation of the branch of the registered society; and so on incorporation—
- (a) any member of the branch shall continue as a member; and
  - (b) any trustee, treasurer or other officer of the branch shall continue in office;
- but paragraphs (a) and (b) above are without prejudice to anything done after incorporation as respects membership and officers of the branch.

*Consequences of transfer*

- 11 No transfer effected by section 6 above shall give rise to any liability to stamp duty.
- 12 (1) The action mentioned in the following provisions of this paragraph shall be taken not later than the end of the period of 90 days beginning with the day on which the registered society is incorporated.
- (2) The persons who were the trustees and treasurer of the registered society immediately before its incorporation shall deliver to the incorporated society—
- (a) any property of the society held by them; and
  - (b) any documents relating to the property, rights and liabilities of the registered society or its financial affairs.
- (3) The persons who were the trustees and treasurer of any branch of the registered society immediately before its incorporation shall deliver to the incorporated society—
- (a) any property (formerly property of the branch) which is transferred to the society by section 6(4) above; and
  - (b) any documents relating to such of the property, rights or liabilities of the branch as are so transferred.
- (4) The Public Trustee shall, if he held property on trust for the registered society immediately before its incorporation, deliver to the incorporated society any property so held by him and any documents relating to it.
- [<sup>F461</sup>(4A) A person required by this paragraph to deliver a document does not satisfy the requirement by sending the document in an electronic form except in so far as the document is held by that person in that electronic form.]

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- (5) Nothing in this Act shall have effect to relieve the former trustees or treasurer of a registered friendly society or branch or the Public Trustee from any liability arising from acts or omissions before the incorporation of the society.

#### Textual Amendments

**F461** Sch. 4 para. 12(4A) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), 12

## SCHEDULE 5

Section 7.

### ADDITIONAL ACTIVITIES OF INCORPORATED SOCIETIES

#### *Introductory*

- 1 An incorporated friendly society may do anything mentioned in the following provisions of this Schedule in the manner directed by the society's rules.

#### *Loans out of separate loan fund*

- 2 (1) An incorporated friendly society may, out of any separate loan fund to be formed by contributions or deposits from its members, make loans to members on their personal security, with or without sureties or, in Scotland, cautioners, subject to the restrictions in sub-paragraphs (2) to (4) below.
- (2) A loan shall not at any time be made out of money contributed otherwise than for the purpose of the loan fund.
- (3) A member shall not be capable of holding any interest in the loan fund exceeding £800.
- (4) The society shall not—
- (a) make any loan to a member on personal security beyond the amount fixed by the rules, or make any loan which, together with any money owing by a member to the society, exceeds £200; or
  - (b) hold at any one time on deposit from its members any money beyond the amount fixed by the rules, and the amount so fixed shall not exceed two thirds of the total sums owing to the society by the members who have borrowed from the loan fund.
- (5) The [<sup>F462</sup>Treasury may by order] amend sub-paragraph (3) or (4) above to substitute, for the sum for the time being specified in that sub-paragraph, such greater sum as is specified in the order.

#### Textual Amendments

**F462** Words in Sch. 5 para. 2(5) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), Sch. 3 para. 122(a) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

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**Modifications etc. (not altering text)**

**C23** *Sch. 5 para. 2(5)*: Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

*Power to set up funds for purchasing Government Securities*

- 3 (1) An incorporated friendly society may set up and administer a fund for the purchase, on behalf of members contributing thereto, of Defence Bonds, National Savings Certificates, Ulster Savings Certificates or such other securities of Her Majesty's Government as the [<sup>F463</sup>Treasury] may prescribe.
- (2) A society may allow persons to become members of the society for the purpose only of contributing to a fund set up by virtue of this paragraph.
- (3) Any securities prescribed, before the commencement of this paragraph, for the purposes of section 47 of the 1974 Act shall be treated as having been prescribed under sub-paragraph (1) above.

**Textual Amendments**

**F463** Words in *Sch. 5 para. 3(1)* substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 122(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**Modifications etc. (not altering text)**

**C24** *Sch. 5 para. 3(1)*: Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, art. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

*Investment of funds in housing association*

- 4 (1) An incorporated friendly society may invest funds of the society in subscribing for any of the share or loan capital of a housing association (within the meaning of the Housing Associations Act 1985) other than shares or debentures not fully paid up at the time of issue.
- (2) This paragraph has effect without prejudice to any power the society may have by virtue of section 14 above.

*Accumulation of members' surplus contributions*

- 5 An incorporated friendly society may accumulate at interest, for the use of any member, any surplus of his contributions to the funds of the society which may remain after providing for any assurance in respect of which they are paid and for the withdrawal of the accumulations.

*Subscriptions to other bodies*

- 6 An incorporated friendly society may subscribe out of its funds to any hospital, infirmary, charitable or provident institution, any annual or other sum which may be necessary to secure to members of the society and their families the benefits of that institution.

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- 7 An incorporated friendly society may contribute to the funds and take part in the government of any other friendly society.

## SCHEDULE 6

Section 7.

### MAKING OF CONTRACTS AND EXECUTION OF DOCUMENTS BY INCORPORATED FRIENDLY SOCIETIES

#### *England and Wales and Northern Ireland*

- 1 Under the law of England and Wales and Northern Ireland a contract may be made—
- (a) by an incorporated friendly society, by writing under its common seal; or
  - (b) on behalf of an incorporated friendly society, by any person acting under its authority, express or implied;
- and any formalities required by law in the case of a contract made by an individual also apply, unless a contrary intention appears, to a contract made by or on behalf of an incorporated friendly society.
- 2 (1) The following provisions have effect with respect to the execution of documents by an incorporated friendly society under the law of England and Wales and of Northern Ireland.
- (2) A document is executed by an incorporated friendly society by the affixing of its common seal.
  - (3) An incorporated friendly society need not have a common seal, however, and the following sub-paragraphs apply whether it does or not.
  - (4) A document signed by a member of the committee of management and the secretary of an incorporated friendly society, or by 2 members of the committee of management, and expressed (in whatever form of words) to be executed by the society has the same effect as if executed under the common seal of the society.
  - (5) A document executed by an incorporated friendly society which makes it clear on its face that it is intended by the person or persons making it to be a deed has effect, upon delivery, as a deed; and it shall be presumed, unless a contrary intention is proved, to be delivered upon its being so executed.
  - (6) In favour of a purchaser a document shall be deemed to have been duly executed by an incorporated friendly society if it purports to be signed by a member of the committee of management and the secretary of the society, or by 2 members of the committee of management, and, where it makes it clear on its face that it is intended by the person or persons making it to be a deed, to have been delivered upon its being executed.
  - (7) In sub-paragraph (6) above a “purchaser” means a purchaser in good faith for valuable consideration and includes a lessee, mortgagee or other person who for valuable consideration acquires an interest in property.



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### *Scotland*

- 3 (1) The following provisions have effect with respect to the execution of documents by an incorporated friendly society under the law of Scotland.
- (2) For any purpose other than those mentioned in sub-paragraph (3) below, a document is validly executed by an incorporated friendly society if it is signed on behalf of the society by a member of the committee of management or by the secretary of the society or by a person authorised to sign the document on its behalf.
- (3) For the purposes of any enactment or rule of law relating to the authentication of documents under the law of Scotland, a document is validly executed by an incorporated friendly society if it is subscribed on behalf of the society by—
- (a) 2 members of the committee of management of the society;
  - (b) a member of that committee and the secretary of the society; or
  - (c) 2 persons authorised to subscribe the document on behalf of the society,
- notwithstanding that such subscription is not attested by witnesses and the document is not sealed with the society's common seal.
- (4) A document which bears to be executed by an incorporated friendly society in accordance with sub-paragraph (3) above is, in relation to such execution, a probative document.
- (5) Notwithstanding any other provision of this paragraph, an incorporated friendly society need not have a common seal.
- (6) For the purposes of any enactment providing for a document to be executed by an incorporated friendly society by affixing its common seal or referring (in whatever terms) to a document so executed, a document signed or subscribed on behalf of the society by—
- (a) 2 members of the committee of management of the society;
  - (b) a member of the committee and the secretary of the society; or
  - (c) 2 persons authorised to subscribe the document on behalf of the society,
- shall have effect as if executed under the common seal of the society.
- (7) In this paragraph “enactment” includes an enactment contained in a statutory instrument.
- (8) Sub-paragraphs (2) and (3) above are—
- (a) without prejudice to any other method of execution of documents by incorporated friendly societies permitted by any enactment or rule of law; and
  - (b) subject to any other enactment making express provision, in relation to incorporated friendly societies, as to the execution of a particular type of document.

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**Textual Amendments**

**F464** Sch. 7 repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, Sch. 18 para. 10(2)(b), Sch. 22; S.I. 2001/3538, art. 2(1)

SCHEDULE 8

Section 13.

PROVISIONS SUPPLEMENTARY TO SECTION 13

- 1 The provisions of this Schedule explain expressions used in section 13 above and otherwise supplement that section.
- 2 In section 13(9)(a) and (c) the references to the voting rights in a body corporate are to the rights conferred on shareholders in respect of their shares or, in the case of a body corporate not having a share capital, on members, to vote at general meetings of the body corporate on all, or substantially all, matters.
- 3 (1) For the purposes of section 13(9)(a) and (c) the reference to the right to appoint or remove a majority of the board of directors is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all, or substantially all, matters.

<sup>F478</sup>(2) .....

**Textual Amendments**

**F478** Sch. 8 para. 3(2) repealed (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, Sch. 18 para. 14(2), Sch. 22; S.I. 2001/3538, art. 2(1)

- <sup>F479</sup>3A(1) A body is to be treated for the purposes of section 13(9) as having the right to appoint to a directorship if—
- (a) a person’s appointment to the directorship follows necessarily from his appointment as an officer of that body; or
  - (b) the directorship is held by the body itself.
- (2) A body (“B”) and some other person (“P”) together are to be treated, for the purposes of section 13(9), as having the right to appoint to a directorship if—
- (a) P is a body corporate which has directors and a person’s appointment to the directorship follows necessarily from his appointment both as an officer of B and a director of P;
  - (b) P is a body corporate which does not have directors and a person’s appointment to the directorship follows necessarily from his appointment both as an officer of B and as a member of P’s managing body; or
  - (c) the directorship is held jointly by B and P.
- (3) For the purposes of section 13(9), a right to appoint (or remove) which is exercisable only with the consent or agreement of another person must be left out of account unless no other person has a right to appoint (or remove) in relation to that directorship.
- (4) Nothing in this paragraph is to be read as restricting the effect of section 13(9).]

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#### Textual Amendments

**F479** Sch. 8 para. 3A inserted (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, **Sch. 18 para. 14(3)**; S.I. 2001/3538, **art. 2(1)**

- 4 Rights which are exercisable only in certain circumstances shall be taken into account only—
- (a) when the circumstances have arisen, and for so long as they continue to obtain, or
  - (b) when the circumstances are within the control of the person having the rights;
- and rights which are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.
- 5 Rights held by a person in a fiduciary capacity shall be treated as not held by him.
- 6 Rights held by a person as nominee for another shall be treated as held by the other; and rights shall be regarded as held as nominee for another if they are exercisable only on his instructions or with his consent or concurrence.
- 7 Rights attached to shares held by way of security shall be treated as held by the person providing the security—
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with his instructions;
  - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in his interests.
- 8 Rights shall be treated as held by an incorporated friendly society if they are held by any of its subsidiaries; and nothing in paragraph 6 or 7 above shall be construed as requiring rights held by an incorporated friendly society to be treated as held by any of its subsidiaries.
- 9 For the purposes of paragraph 7 above rights shall be treated as being exercisable in accordance with the instructions or in the interests of an incorporated friendly society if they are exercisable in accordance with the instructions of or, as the case may be, in the interests of any subsidiary of that society [<sup>F480</sup>or in the interests of any body over which the society has joint control].

#### Textual Amendments

**F480** Words in Sch. 8 para. 9 inserted (1.12.2001) by 2000 c. 8, ss. 334, 336, 338, **Sch. 18 para. 14(4)**; S.I. 2001/3538, **art. 2(1)**

- 10 The voting rights in a body corporate shall be reduced by any rights held by the body itself.
- 11 References in any provision of paragraphs 5 to 10 above to rights held by a person include rights falling to be treated as held by him by virtue of any other provision of those paragraphs but not rights which by virtue of any such provision are to be treated as not held by him.

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## SCHEDULE 9

Section 18.

### NOMINATIONS BY MEMBERS OF INCORPORATED FRIENDLY SOCIETIES AND RELATED MATTERS

- 1
- (1) Subject to the following provisions of this paragraph, a member of an incorporated friendly society who is not under the age of 16 years may by writing under his hand delivered at or sent to the registered office of the society, or made in a book kept at that office, nominate a person or persons to whom any sum of money payable by the society on the death of that member or any specified amount of money so payable, shall be paid at his decease.
  - (2) The total amount which may be nominated under this paragraph shall not exceed the relevant maximum, that is to say, £5,000 or such higher amount as, by virtue of an order under section 6 of the <sup>M32</sup>Administration of Estates (Small Payments) Act 1965, may for the time being apply for the purposes of the enactments specified in subsection (1) of that section.
  - (3) The sum payable on the death of a member by an incorporated friendly society shall include sums of money contributed to or deposited in the separate loan fund, together with interest on them, and any sum of money accumulated for the use of the member under the provisions of this Act, together with interest on it.
  - (4) A person nominated under this paragraph must not at the date of the nomination be an officer or employee of the society unless he is the husband, wife, father, mother, child, brother, sister, nephew or niece of the nominator.
  - (5) Nominations so made may be revoked or varied by any similar document under the hand of the nominator delivered, sent, or made as mentioned in sub-paragraph (1) above.
  - (6) The marriage of a member of the society shall operate as a revocation of any nomination previously made by that member under this paragraph.
  - (7) Where a society has paid money to a nominee in ignorance of a marriage subsequent to the nomination, the receipt of the nominee shall be a valid discharge to the society.

#### Marginal Citations

**M32** 1965 c. 32.

- 2
- (1) Subject to sub-paragraph (2) below, on receiving satisfactory proof of the death of a nominator, an incorporated society shall pay to his nominee or nominees the amount due to the deceased or, as the case may be, the amount specified in the nomination.
  - (2) The total amount paid by an incorporated friendly society by virtue of a nomination (whether in favour of one nominee or more) shall not exceed the relevant maximum referred to in paragraph 1(2) above.
  - (3) The receipt of a nominee over 16 years of age for any amount paid in accordance with this paragraph shall be valid.
- 3
- (1) If any member of an incorporated friendly society entitled from its funds to a sum not exceeding the relevant maximum referred to in paragraph 1(2) above dies without having made any nomination of that sum then subsisting, the society may, without letters of administration or probate of any will or, in Scotland, without any grant of

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confirmation, distribute the sum among such persons as appear to the society, upon such evidence as the society may deem satisfactory, to be entitled by law to receive that sum.

- (2) A payment made by an incorporated friendly society under this Schedule shall be valid and effectual against any demand made upon the society by any other person, but the next of kin or personal representatives of the deceased member shall have a remedy for recovery of the money paid under paragraph 2(1) above against the person who has received that money.

## SCHEDULE 10

Section 23.

### APPLICATION OF COMPANIES WINDING UP LEGISLATION TO INCORPORATED FRIENDLY SOCIETIES

#### PART I

##### GENERAL MODE OF APPLICATION

- 1 The enactments which comprise the companies winding up legislation (referred to in this Schedule as “the enactments”) are the provisions of—
- (a) Parts IV, VI, VII, XII and XIII of the <sup>M33</sup>Insolvency Act 1986, or
  - (b) Parts V, VI, XI and XII of the <sup>M34</sup>Insolvency (Northern Ireland) Order 1989, and, in so far as they relate to offences under any such enactment, sections 430 and 432 of, and Schedule 10 to, that Act or Article 373 of, and Schedule 7 to, that Order.

#### Marginal Citations

**M33** 1986 c. 45.

**M34** S.I. 1989/2405 (N.I.19).

- 2 Subject to the following provisions of this Schedule, the enactments apply to the winding up of incorporated friendly societies as they apply to the winding up of companies registered under [<sup>F481</sup>the Companies Act 2006].

#### Textual Amendments

**F481** Words in [Sch. 10 para. 2](#) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), [Sch. 1 para. 133\(7\)\(a\)](#) (with art. 10)

- 3 (1) Subject to the following provisions of this Schedule, the enactments shall, in their application to incorporated friendly societies, have effect with the substitution—
- (a) for “company” of “incorporated friendly society”;
  - (b) for “directors” of “committee of management”;
  - (c) for “the registrar of companies” or “the registrar” of “the [<sup>F482</sup>Financial Conduct Authority]”; and
  - (d) for “the articles” of “the rules”.

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- (2) Subject to the following provisions of this Schedule in the application of the enactments to incorporated friendly societies—
- [<sup>F483</sup>(aa) every reference to a company registered in Scotland shall have effect as a reference to an incorporated friendly society whose registered office is situated in Scotland;]
- (a) every reference to the officers, or to a particular officer, of a company shall have effect as a reference to the officers, or to the corresponding officer, of the incorporated friendly society and as including a person holding himself out as such an officer;
- (b) every reference to a director of a company shall be construed as a reference to a member of the committee of management; and
- (c) every reference to an administrator, an administration order, an administrative receiver, a shadow director or a voluntary arrangement shall be omitted.

#### Textual Amendments

**F482** Words in Sch. 10 para. 3(1)(c) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(2) (with Sch. 12)

**F483** Sch. 10 para. 3(2)(aa) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), Sch. 3 para. 123(b) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

- 4 (1) Where any of the enactments as applied to incorporated friendly societies requires a notice or other document to be sent to the [<sup>F484</sup>FCA], it shall have effect as if it required the [<sup>F484</sup>FCA] to keep the notice or document in the public file of the society and to record in that file the date on which the notice or document is placed in it.
- (2) Where any of the enactments, as so applied, refers to the registration, or to the date of registration, of such a notice or document, that enactment shall have effect as if it referred to the placing of the notice or document in the public file or (as the case may be) to the date on which it was placed there.

#### Textual Amendments

**F484** Word in Sch. 10 para. 4(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(3) (with Sch. 12)

- 5 Any enactment which specifies a sum altered by order under section 416 of the <sup>M35</sup>Insolvency Act 1986 or Article 362 of the <sup>M36</sup>Insolvency (Northern Ireland) Order 1989 (powers to alter monetary limits) applies with the effect of the alteration.

#### Marginal Citations

**M35** 1986 c. 45.

**M36** S.I. 1989/2405 (N.I.19).

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## PART II

### MODIFIED APPLICATION OF INSOLVENCY ACT 1986 PARTS IV <sup>F485</sup>, 12 AND 13]

#### Textual Amendments

**F485** Words in Sch. 10 Pt. II heading substituted (7.4.2017) by The Deregulation Act 2015, the Small Business, Enterprise and Employment Act 2015 and the Insolvency (Amendment) Act (Northern Ireland) 2016 (Consequential Amendments and Transitional Provisions) Regulations 2017 (S.I. 2017/400), regs. 1(2), 3(a)

#### *Preliminary*

- 6 In this Part of this Schedule, Part IV of the Insolvency Act 1986 is referred to as “Part IV”; and that Act is referred to as “the Act”.

#### *Members of a friendly society as contributories in winding up*

- 7 (1) Section 74 (liability of members) of the Act is modified as follows.
- (2) In subsection (1), the reference to any past member shall be omitted.
- (3) Paragraphs (a) to (d) of subsection (2) shall be omitted; and so shall subsection (3).
- (4) The extent of the liability of a member of an incorporated friendly society in a winding up shall not exceed the extent of his liability under paragraph 8 of Schedule 3 to this Act.
- 8 Sections 75 to 78 and 83 in Chapter I of Part IV (miscellaneous provisions not relevant to incorporated friendly societies) do not apply.
- 9 (1) Section 79 (meaning of “contributory”) of the Act does not apply.
- (2) In the enactments as applied to an incorporated friendly society, “contributory”—
- (a) means every person liable to contribute to the assets of the society in the event of its being wound up; and
  - (b) for the purposes of all proceedings for determining, and all proceedings prior to the determination of, the persons who are to be deemed contributories, includes any person alleged to be a contributory; and
  - (c) includes persons who are liable to pay or contribute to the payment of—
    - (i) any debt or liability of the incorporated friendly society being wound up; or
    - (ii) any sum for the adjustment of rights of members among themselves; or
    - (iii) the expenses of the winding up;
 but does not include persons liable to contribute by virtue of a declaration by the court under section 213 (imputed responsibility for fraudulent trading) or section 214 (wrongful trading) of the Act.

#### *Voluntary winding up*

- 10 (1) Section 84 of the Act does not apply.



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- (2) In the enactments as applied to an incorporated friendly society, the expression “resolution for voluntary winding up” means a resolution passed under section 21(1) above.
- 11 Section 88 shall have effect with the omission of the words from the beginning to “and”.
- 12 (1) Subsection (1) of section 89 shall have effect as if for the words from the beginning to “meeting” there were substituted the words—
- “ (1) Where it is proposed to wind up an incorporated friendly society voluntarily, the committee of management (or, in the case of an incorporated friendly society whose committee of management has more than two members, the majority of them) may at a meeting of the committee”.
- (2) The reference to the directors in subsection (2) shall be construed as a reference to members of the committee of management.
- 13 Section 90 shall have effect as if for the words “directors’ statutory declaration under section 89” there were substituted the words “ statutory declaration made under section 89 by members of the committee of management ”.
- 14 Sections 95(1) and 96 shall have effect as if the word “directors” were omitted from each of them.
- 15 In subsection (1) of section 101 (appointment of liquidation committee) of the Act, the reference to functions conferred on a liquidation committee by or under that Act shall have effect as a reference to its functions by or under that Act as applied to incorporated friendly societies.
- 16 (1) Section 107 (distribution of property) of the Act does not apply; and the following applies in its place.
- (2) Subject to the provisions of Part IV relating to preferential payments, an incorporated friendly society’s property in a voluntary winding up shall be applied in satisfaction of the society’s liabilities to creditors *pari passu* and, subject to that application, in accordance with the rules of the society.
- 17 Sections 110 and 111 (liquidator accepting shares, etc. as consideration for sale of company property) of the Act do not apply.

#### *Winding up by the court*

- 18 In sections 117 (High Court and county court jurisdiction) and 120 (Court of Session and sheriff court jurisdiction) of the Act, each reference to a company’s share capital paid up or credited as paid up shall have effect as a reference to the amount of the contribution or subscription income of an incorporated friendly society as shown by the latest balance sheet.
- 19 Section 122 (circumstances in which company may be wound up by the court) of the Act does not apply.
- 20 Section 124 (application for winding up) of the Act does not apply.
- 21 (1) In section 125 (powers of court on hearing of petition) of the Act, subsection (1) applies with the omission of the words from “but the court” to the end of the subsection.

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- (2) The conditions which the court may impose under section 125 of the Act include conditions for securing—
- (a) that the incorporated friendly society be dissolved by consent of its members under section 20 above; or
  - (b) that the society amalgamates with, or transfers all or any of its engagements to, another friendly society under section 85 or 86 above, or
  - (c) that the society converts itself into a company under section 91 above,
- and may also include conditions for securing that any default which occasioned the petition be made good and that the costs, or in Scotland the expenses, of the proceedings on that petition be defrayed by the person or persons responsible for the default.

<sup>F486</sup>[22 .....]

**Textual Amendments**

**F486** Sch. 2 para. 22 repealed (N.I.) (7.2.1994) by 1993 c. 49, s. 182(1), Sch. 4 Pt.I; S.R. 1994/17, art. 2

- <sup>F487</sup>23 If, before the presentation of a petition for the winding up by the court of an incorporated friendly society, an instrument of dissolution under section 20 above is placed in the society's public file, section 129(1) (commencement of winding up by the court) of the Act shall also apply in relation to the date on which the notice is so placed and to any proceedings in the course of the dissolution as it applies to the commencement date for, and proceedings in, a voluntary winding up.]

**Textual Amendments**

**F487** Sch. 2 para. 23 repealed (N.I.) (7.2.1994) by 1993 c. 49, s. 182(1), Sch. 4 Pt.I; S.R. 1994/17, art. 2

- 24 (1) Section 130 of the Act (consequences of winding-up order) shall have effect with the following modifications.
- (2) Subsections (1) and (3) shall be omitted.
  - (3) An incorporated friendly society shall, within 15 days of a winding-up order being made in respect of it, give notice of the order to the <sup>F488</sup>FCA and, if the society is a PRA-authorized person, the PRA]; and the <sup>F489</sup>FCA] shall keep the notice in the public file of the society.
  - (4) If an incorporated friendly society fails to comply with sub-paragraph (3) above, it shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

**Textual Amendments**

**F488** Words in Sch. 10 para. 24(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(4)(a) (with Sch. 12)

**F489** Word in Sch. 10 para. 24(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(4)(b) (with Sch. 12)

*Status: Point in time view as at 29/06/2017.*

*Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- 25 Section 140 (appointment of liquidator by court in certain circumstances) of the Act does not apply.
- 26 In the application of sections 141(1) and 142(1) (liquidation committees), of the Act to incorporated friendly societies, the references to functions conferred on a liquidation committee by or under that Act shall have effect as references to its functions by or under that Act as so applied.
- 27 The conditions which the court may impose under section 147 (power to stay or sist winding up) of the Act shall include those specified in paragraph 21(2) above.
- 28 Section 154 (adjustment of rights of contributories) of the Act shall have effect with the modification that any surplus is to be distributed in accordance with the rules of the society.
- F490<sup>29</sup> .....

**Textual Amendments**

**F490** Sch. 10 para. 29 repealed (1.10.2007) by [The Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), art. 1(3) (a), Sch. 4 para. 71(1), [Sch. 5](#) (with art. 12, Sch. 4 para. 71(2))

*Winding up: general*

- 30 Section 187 (power to make over assets to employees) of the Act does not apply.
- 31 (1) In section 201 (dissolution: voluntary winding up) of the Act, subsection (2) applies without the words from “and on the expiration” to the end of the subsection and, in subsection (3), the word “However” shall be omitted.
- (2) Sections 202 to 204 (early dissolution) of the Act do not apply.
- 32 In section 205 (dissolution: winding up by the court) of the Act, subsection (2) applies with the omission of the words from “and, subject” to the end of the subsection; and in subsections (3) and (4) references to the Secretary of State shall have effect as references to the [F491FCA].

**Textual Amendments**

**F491** Word in Sch. 10 para. 32 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 53\(5\)](#) (with Sch. 12)

*Penal provisions*

- 33 Sections 216 and 217 of the Act (restriction on re-use of name) do not apply.
- 34 (1) Sections 218 and 219 (prosecution of delinquent officers) of the Act do not apply in relation to offences committed by members of an incorporated friendly society acting in that capacity.
- (2) Sections 218(5) of the Act and subsections (1) and (2) of section 219 of the Act do not apply.

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- (3) The references in subsections (3) and (4) of section 219 of the Act to the Secretary of State shall have effect as references to the [<sup>F492</sup>FCA]; and the reference in subsection (3) to section 218 of the Act shall have effect as a reference to that section as supplemented by paragraph 35 below.

**Textual Amendments**

**F492** Word in Sch. 10 para. 34(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(5) (with Sch. 12)

- 35 (1) Where a report is made to the prosecuting authority (within the meaning of section 218) under section 218(4) of the Act, in relation to an officer of an incorporated friendly society, he may, if he thinks fit, refer the matter to the [<sup>F493</sup>FCA] for further enquiry.
- (2) On such a reference to it the [<sup>F493</sup>FCA] shall exercise its power under section 65(1) above to appoint one or more investigators to investigate and report on the matter.
- (3) An answer given by a person to a question put to him, in exercise of the powers conferred by section 65 above on a person so appointed, may be used in evidence against the person giving it.

**Textual Amendments**

**F493** Word in Sch. 10 para. 35 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(5) (with Sch. 12)

*Preferential debts*

- 36 Section 387 (meaning in Schedule 6 of “the relevant date”) of the Act applies with the omission of subsections (2) and (4) to (6).

*[<sup>F494</sup>Insolvency practitioners: their qualification and regulation*

**Textual Amendments**

**F494** Sch. 10 paras. 36A, 36B and cross-heading inserted (7.4.2017) by The Deregulation Act 2015, the Small Business, Enterprise and Employment Act 2015 and the Insolvency (Amendment) Act (Northern Ireland) 2016 (Consequential Amendments and Transitional Provisions) Regulations 2017 (S.I. 2017/400), regs. 1(2), 3(b)

- 36A. Section 390 of the Act (persons not qualified to act as insolvency practitioners) has effect as if for subsection (2) there were substituted—
- “(2) A person is not qualified to act as an insolvency practitioner in relation to an incorporated friendly society at any time unless at that time the person is fully authorised to act as an insolvency practitioner or partially authorised to act as an insolvency practitioner only in relation to companies.”.
- 36B. (1) In the following provisions of the Act, in a reference to authorisation or permission to act as an insolvency practitioner in relation to (or only in relation to) companies

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the reference to companies has effect without the modification in paragraph 3(1)(a) above—

- (a) sections 390A and 390B(1) and (3) (authorisation of insolvency practitioners); and
- (b) sections 391O(1)(b) and 391R(3)(b) (court sanction of insolvency practitioners in public interest cases).

- (2) In sections 391Q(2)(b) (direct sanctions order: conditions) and 391S(3)(e) (power for Secretary of State to obtain information) of the Act the reference to a company has effect without the modification in paragraph 3(1)(a) above.]

### PART III

#### MODIFIED APPLICATION OF INSOLVENCY (NORTHERN IRELAND) ORDER 1989

##### *Preliminary*

- 37 In this Part of this Schedule, Part V of the <sup>M37</sup>Insolvency (Northern Ireland) Order 1989 is referred to as “Part V”; and that Order is referred to as “the Order”.

##### **Marginal Citations**

**M37** [S.I. 1989/2405 \(N.I.19\)](#)

##### *Members of a friendly society as contributories in winding up*

- 38 (1) Article 61 (liability of members) of the Order is modified as follows.
- (2) In paragraph (1), the reference to any past member shall be omitted.
- (3) Sub-paragraphs (a) to (d) of paragraph (2) shall be omitted; and so shall paragraph (3).
- (4) The extent of the liability of a member of an incorporated friendly society in a winding up shall not exceed the extent of his liability under paragraph 8 of Schedule 3 to this Act.
- 39 Articles 62 to 65 and 69 of the Order (miscellaneous provisions not relevant to incorporated friendly societies) do not apply.
- 40 (1) Article 13 (meaning of “contributory”) of the Order does not apply.
- (2) In the enactments as applied to an incorporated friendly society “contributory”—
- (a) means every person liable to contribute to the assets of the society in the event of its being wound up; and
  - (b) for the purposes of all proceedings for determining, and all proceedings prior to the determination of, the persons who are to be deemed contributories, includes any person alleged to be a contributory; and
  - (c) includes persons who are liable to pay or contribute to the payment of—
    - (i) any debt or liability of the incorporated friendly society being wound up; or

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(ii) any sum for the adjustment of rights of members among themselves;  
or

(iii) the expenses of the winding up;

but does not include persons liable to contribute by virtue of a declaration by the court under Article 177 (imputed responsibility for fraudulent trading) or Article 178 (wrongful trading) of the Order.

*Voluntary winding up*

41 (1) Article 70 of the Order does not apply.

(2) In the enactments as applied to an incorporated friendly society, the expression “resolution for voluntary winding up” means a resolution passed under section 21(1) above.

42 Article 74 shall have effect with the omission of the words from the beginning to “and”.

43 (1) Paragraph (1) of Article 75 shall have effect as if for the words from the beginning to “meeting” there were substituted the words—

“(1) Where it is proposed to wind up an incorporated friendly society voluntarily, the committee of management (or, in the case of an incorporated friendly society whose committee of management has more than two members, the majority of them) may at a meeting of the committee”.

(2) The reference to the directors in paragraph (2) shall be construed as a reference to members of the committee of management.

44 Article 76 shall have effect as if for the words “directors’ statutory declaration in accordance with Article 75” there were substituted the words “statutory declaration made in accordance with Article 75 by members of the committee of management”.

45 Article 81(1) and 82 shall have effect as if the word “directors” were omitted from each of them.

46 In paragraph (1) of Article 87 (appointment of liquidation committee) of the Order, the reference to functions conferred on a liquidation committee by or under that Order shall have effect as a reference to its functions by or under that Order as applied to incorporated friendly societies.

47 (1) Article 93 (distribution of property) of the Order does not apply; and the following applies in its place.

(2) Subject to the provisions of Part V relating to preferential payments, an incorporated friendly society’s property in a voluntary winding up shall be applied in satisfaction of the society’s liabilities to creditors *pari passu* and, subject to that application, in accordance with the rules of the society.

48 Articles 96 and 97 (liquidator accepting shares, etc. as consideration for sale of company property) of the Order do not apply.

*Winding up by the High Court*

49 Article 102 (circumstances in which company may be wound up by the High Court) of the Order does not apply.

50 Article 104 (application for winding up) of the Order does not apply.

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- 51 (1) In Article 105 (powers of High Court on hearing of petition) of the Order, paragraph (1) applies with the omission of the words from “but the Court” to the end of the paragraph.
- (2) The conditions which the Court may impose under Article 105 of the Order include conditions for securing—
- (a) that the incorporated friendly society be dissolved by consent of its members under section 20 above; or
  - (b) that the society amalgamates with, or transfers its engagements to, another friendly society under section 85 or 86 above; or
  - (c) that the society converts itself to a company under section 91 above,
- and may also include conditions for securing that any default which occasioned the petition be made good and that the costs of the proceedings on that petition be defrayed by the person or persons responsible for the default.
- 52 Article 106 (power of court, between petition and winding-up order, to stay or restrain proceedings against company) of the Order has effect with the omission of paragraph (2).
- 53 If, before the presentation of a petition for the winding up by the High Court of an incorporated friendly society, an instrument of dissolution under section 20 is placed in the society’s public file, Article 109(1) (commencement of winding up by the High Court) of the Order shall also apply in relation to the date on which the notice is so placed and to any proceedings in the course of the dissolution as it applies to the commencement date for, and proceedings in, a voluntary winding up.
- 54 (1) Article 110 of the Order (consequences of winding-up order) shall have effect with the following modifications.
- (2) Paragraphs (1) and (3) shall be omitted.
- (3) An incorporated friendly society shall, within 15 days of a winding-up order being made in respect of it, give notice of the order to the [<sup>F495</sup>FCA and, if the society is a PRA-<sup>F496</sup>authorised person, the PRA]; and the [<sup>F496</sup>FCA] shall keep the notice in the public file of the society.
- (4) If an incorporated friendly society fails to comply with sub-paragraph (3) above, it shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### Textual Amendments

**F495** Words in Sch. 10 para. 54(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(6)(a) (with Sch. 12)

**F496** Word in Sch. 10 para. 54(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 53(6)(b) (with Sch. 12)

- 55 Article 119 (appointment of liquidator by High Court in certain circumstances) of the Order does not apply.
- 56 In the application of Article 120(1) (liquidation committees), of the Order to incorporated friendly societies, the references to functions conferred on a liquidation committee by or under that Order shall have effect as references to its functions by or under that Order as so applied.



*Status: Point in time view as at 29/06/2017.*

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- 57 The conditions which the High Court may impose under Article 125 (power to stay winding up) of the Order shall include those specified in paragraph 51(2) above.
- 58 Article 132 (adjustment of rights of contributories) of the Order shall have effect with the modification that any surplus is to be distributed in accordance with the rules of the society.
- F497 59 .....

**Textual Amendments**

**F497** Sch. 10 para. 59 repealed (1.10.2007) by [The Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), art. 1(3) (a), Sch. 4 para. 71(1), [Sch. 5](#) (with art. 12, Sch. 4 para. 71(2))

*Winding up: general*

- 60 Article 158 (power to make over assets to employees) of the Order does not apply.
- 61 (1) In Article 166 (dissolution: voluntary winding up) of the Order, paragraph (2) applies without the words from “and on the expiration” to the end of the paragraph and, in paragraph (3), the word “However” shall be omitted.
- (2) Articles 167 and 168 (early dissolution) of the Order do not apply.
- 62 In Article 169 (dissolution: winding up by the High Court) of the Order, paragraph (1) applies with the omission of the words from “and, subject” to the end of the paragraph; and in paragraphs (2) and (3) references to the Department shall have effect as references to the [<sup>F498</sup>FCA and the PRA].

**Textual Amendments**

**F498** Words in Sch. 10 para. 62 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 53\(7\)](#) (with Sch. 12)

*Penal provisions*

- 63 Articles 180 and 181 of the Order (restriction on re-use of name) do not apply.
- 64 (1) Articles 182 and 183 (prosecution of delinquent officers) of the Order do not apply in relation to offences committed by members of an incorporated friendly society acting in that capacity.
- (2) Articles 182(4) and 183(1) and (2) of the Order do not apply.
- (3) The references in paragraph (3) and (5) of Article 183 of the Order to the Department shall have effect as references to the [<sup>F499</sup>FCA]; and the reference in paragraph (3) to Article 182 of the Order shall have effect as a reference to that Article as supplemented by paragraph 65 below.

*Status: Point in time view as at 29/06/2017.*

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#### Textual Amendments

**F499** Word in Sch. 10 para. 64 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 53\(8\)](#) (with Sch. 12)

- 65 (1) Where a report is made to the prosecuting authority (within the meaning of Article 182) under Article 182(5) of the Order, in relation to an officer of an incorporated friendly society, he may, if he thinks fit, refer the matter to the [F500FCA] for further enquiry.
- (2) On such a reference to it the [F500FCA] shall exercise its power under section 65(1) above to appoint one or more investigators to investigate and report on the matter.
- (3) An answer given by a person to a question put to him in exercise of the powers conferred by section 65 above on a person so appointed may be used in evidence against the person giving it.

#### Textual Amendments

**F500** Word in Sch. 10 para. 65 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 53\(8\)](#) (with Sch. 12)

#### *Preferential debts*

- 66 Article 347 (meaning in Schedule 4 of “the relevant date”) of the Order applies with the omission of paragraphs (2) and (4) to (6).

### PART IV

#### SUPPLEMENTARY

#### *Dissolution of incorporated friendly society after winding up*

- 67 (1) Where an incorporated friendly society has been wound up voluntarily, it is dissolved as from 3 months from the date of the placing in the public file of the society of the return of the final meetings of the society and its creditors made by the liquidator under—
- (a) section 94 or 106 of the <sup>M38</sup>Insolvency Act 1986 (as applied to incorporated friendly societies), or on such other date as is determined in accordance with section 201 of that Act; or
- (b) Article 80 or 92 of the <sup>M39</sup>Insolvency (Northern Ireland) Order 1989 (as so applied), or on such other date as is determined in accordance with Article 166 of that Order.
- (2) Where an incorporated friendly society has been wound up by the court, it is dissolved as from 3 months from the date of the placing in the public file of the society of the liquidator’s notice under—
- (a) section 172(8) of the <sup>M40</sup>Insolvency Act 1986 (as applied to incorporated friendly societies) or on such other date as is determined in accordance with section 205 of that Act; or

*Status: Point in time view as at 29/06/2017.*

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- (b) Article 146(7) of the Insolvency (Northern Ireland) Order 1989 (as so applied) or on such other date as is determined in accordance with Article 169 of that Order.

#### Marginal Citations

- M38** 1986 c. 45.  
**M39** S.I. 1989/2405 (N.I.19)  
**M40** 1986 c. 45.

- 68<sup>[F501]</sup>(1) Sections 1012 to 1023 and 1034 of the Companies Act 2006 (property of dissolved company) apply in relation to the property of a dissolved incorporated friendly society (whether dissolved under section 20 or following its winding up) as they apply in relation to the property of a dissolved company.]
- (2) Paragraph 3(1) above shall apply to those sections for the purpose of their application to incorporated friendly societies.
- <sup>[F502]</sup>(3) Any reference in those sections to restoration to the register shall be read as a reference to the effect of an order under section 25 of this Act.]

#### Textual Amendments

- F501** Sch. 10 para. 68(1) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 133(7)(b)(i)** (with art. 10)
- F502** Sch. 10 para. 68(3) substituted for Sch. 10 para. 68(3)(4) (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 133(7)(b)(ii)** (with art. 10)

#### *Insolvency rules and fees*

- 69 (1) Rules may be made under—
- (a) section 411 of the Insolvency Act 1986; or
  - (b) Article 359 of the Insolvency (Northern Ireland) Order 1989,
- for the purpose of giving effect, in relation to incorporated friendly societies, to the provisions of the applicable winding up legislation.
- (2) An order made by the competent authority under section 414 of the Insolvency Act 1986 may make provision for fees to be payable under that section in respect of proceedings under the applicable winding-up legislation and the performance by the official receiver or the Secretary of State of functions under it.
- (3) An order made by the competent authority under Article 361 of the Insolvency (Northern Ireland) Order 1989 may make provisions for fees to be payable under that section in respect of proceedings under the applicable winding-up legislation and the performance by the official receiver in Northern Ireland or the Department of Economic Development in Northern Ireland of functions under it.

*Status: Point in time view as at 29/06/2017.*

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## SCHEDULE 11

Section 27.

### COMMITTEE OF MANAGEMENT: SUPPLEMENTARY

#### PART I

#### ELIGIBILITY AND RETIREMENT OF COMMITTEE MEMBERS

##### *Preliminary*

- 1 (1) This Part of this Schedule applies in relation to members of the committee of management of a friendly society (“the society”); and in this Schedule—
- “the committee” means the committee of management of the society;
  - “the compulsory retirement age”, where the rules of the society make the provision authorised by paragraph 3(1) below, means the age prescribed for that purpose in its rules;
  - “the normal retirement age” means 70 years or such lesser age as the rules of the society may prescribe as the normal retirement age for members of its committee.
- (2) For the purposes of this Act the date of a person’s election to office as a member of the committee, where the rules of the society provide for election by <sup>F503</sup>... ballot, is the date of the meeting at which the declaration of the result of the ballot is made.

##### **Textual Amendments**

**F503** Word in [Sch. 11 para. 1\(2\)](#) omitted (12.4.2011) by virtue of [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **21(2)(b)**

##### **Commencement Information**

**I66** [Sch. 11 para. 1](#) wholly in force; [Sch. 11 para. 1](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 11 para. 1](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 11 para. 1](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

##### *Eligibility to be elected committee member*

- 2 Subject to paragraph 3 below, paragraph 7 of Schedule 3 to this Act and to the rules of the society, any person is eligible to be elected as a member of the committee.

##### **Commencement Information**

**I67** [Sch. 11 para. 2](#) wholly in force; [Sch. 11 para. 2](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 11 para. 2](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 11 para. 2](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

- 3 (1) The rules of the society may require the members of the committee to retire at a prescribed age without eligibility for re-election or reappointment; and, if the age so prescribed is no greater than the age which is the normal retirement age for members of the committee, sub-paragraph (3) below shall have no application to the society.

*Status: Point in time view as at 29/06/2017.*

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- (2) If the rules of the society make the provision authorised by sub-paragraph (1) above, a person who has attained the age so prescribed shall not be eligible to be elected as a member of the committee.
- (3) Except in the case mentioned in sub-paragraph (1) above, if a person has attained the normal retirement age for the society, he shall not be eligible to be elected as a member of the committee unless—
- (a) he has been approved as eligible to be so elected by resolution of the committee; and
  - (b) his age and the reasons for the committee's approval of his eligibility have been notified to every person entitled to vote at the election.
- [<sup>F504</sup>(3A) A friendly society is to be regarded as notifying a person for the purposes of sub-paragraph (3)(b) if it makes the information available to the person on a website; and the end date for the purposes of section 119AB(4)(b) is the day after the election.]
- (4) If a friendly society, in a case where its committee has approved as eligible for election a person who has attained the normal retirement age, fails to notify every person entitled to vote at the election, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale; but no such failure shall invalidate the election.

#### Textual Amendments

**F504** Sch. 11 para. 3(3A) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **13**

#### Commencement Information

**I68** Sch. 11 para. 3 wholly in force; Sch. 11 para. 3 not in force at Royal Assent see s. 126(2); Sch. 11 para. 3 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 11 para. 3 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### *Eligibility to be co-opted committee member*

- 4 No person may be co-opted as a member of the committee who has attained the normal retirement age or the compulsory retirement age (where that age is less than the normal retirement age).

#### Commencement Information

**I69** Sch. 11 para. 4 wholly in force; Sch. 11 para. 4 not in force at Royal Assent see s. 126(2); Sch. 11 para. 4 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 11 para. 4 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### *Notice to society of age of committee member*

- 5 (1) A person who holds office as, or is to his knowledge nominated for election or proposed for co-option to the committee as, a member of the committee shall, not later than 28 days before he attains the normal retirement age or, as the case may be, the compulsory retirement age for members of the committee, give the society notice of the date on which he will attain that age.

*Status: Point in time view as at 29/06/2017.*

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- (2) A person who fails to give to a friendly society a notice required, in relation to that society, by sub-paragraph (1) above shall be guilty of an offence and liable on summary conviction—
- (a) to a fine not exceeding level 3 on the standard scale; and
  - (b) in the case of a continuing offence, to an additional fine not exceeding one-tenth of that level for every week during which the offence continues.

#### Commencement Information

**I70** Sch. 11 para. 5 wholly in force; Sch. 11 para. 5 not in force at Royal Assent see s. 126(2); Sch. 11 para. 5 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 5 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### *Retirement of elected committee members*

- 6 (1) A member of the committee shall retire from office—
- (a) in any case not provided for by paragraph (b) below, sub-paragraph (2) below or rules under sub-paragraph (3) below, at the fifth annual general meeting of the society following the date of his election; and
  - (b) in a case where he had attained the normal retirement age at his election, at the next annual general meeting following that date.
- (2) A member of the committee attaining the normal retirement age or, as the case may be, the compulsory retirement age shall, subject to any provision of the rules for earlier retirement, retire from office at the next annual general meeting of the society.
- (3) The rules of the society, if they provide for the retirement by rotation of members of its committee, may provide that a person elected to fill a vacant seat on the committee must retire at the annual general meeting at which, in accordance with the rules for retirement by rotation, the seat is to fall vacant.
- (4) Sub-paragraph (3) above applies to any vacancy arising when an elected member ceases to hold office for any reason before the annual general meeting at which (disregarding his age) the seat is due to fall vacant.

#### Commencement Information

**I71** Sch. 11 para. 6 wholly in force; Sch. 11 para. 6 not in force at Royal Assent see s. 126(2); Sch. 11 para. 6 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 6 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### *Retirement of co-opted members*

- 7 (1) A person who is co-opted as a member of the committee shall cease to hold office at the end of the permitted period unless he is elected to office as a member of the committee within that period.
- (2) For the purposes of sub-paragraph (1) above “the permitted period”, with reference to the tenure of office of a co-opted member of the committee, is the period beginning with the date of his appointment and ending with the declaration of the next election of members of the committee conducted after his appointment or the expiration of

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the period of 16 months beginning with the date of his appointment, whichever first occurs.

#### Commencement Information

**I72** Sch. 11 para. 7 wholly in force; Sch. 11 para. 7 not in force at Royal Assent see s. 126(2); Sch. 11 para. 7 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 7 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

## PART II

### DEALINGS WITH MEMBERS OF COMMITTEE OF MANAGEMENT

- [<sup>F505</sup>8 (1) A friendly society or registered branch must not make any payment to a member of the committee of management of the society or branch—
- (a) by way of compensation for loss of office, or
  - (b) as consideration for or in connection with the member's retirement from office,
- unless particulars of the proposed payment (including its amount) have been disclosed to members of the society or branch and the proposal has been approved by the society or branch.
- (2) Sub-paragraph (1) does not apply to a bona fide payment by way of damages for breach of contract or by way of pension in respect of past services. “Pension” here includes any superannuation allowance, superannuation gratuity or similar payment.]

#### Textual Amendments

**F505** Sch. 11 para. 8 substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 2(2), Sch. 1 para. 185 (with arts. 6, 11, 12)

- 9 (1) The following provisions of the <sup>M41</sup>Building Societies Act 1986—
- (a) section 62 (prohibition of tax-free payments to directors);
  - (b) section 63 (disclosure of interests in contracts and other transactions);
  - (c) section 64 (substantial property transactions);
  - (d) section 65 (restriction on loans etc);
  - (e) section 66 (sanctions);
  - (f) section 68 (records of loans etc) with Schedule 9;
  - (g) section 69 (disclosure and record of related businesses); and
  - (h) section 70 (interpretation),
- shall have effect as if any reference to a director of a building society included a reference to a member of the committee of management of a friendly society or registered branch.
- (2) The provisions mentioned in sub-paragraph (1) above shall have effect in their application to such members with the substitution—
- (a) of a reference to a friendly society or registered branch for every reference to a building society; and



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- (b) of a reference to the committee of management for every reference to the directors or board of directors.
- (3) Section 65 shall in addition have effect in its application to them—
  - (a) with the omission of subsection (1)(c); and
  - (b) with the substitution in subsection (1)(d) of the words “ loan or disposal of property ” for the words “loan, disposal of property or payment”.
- (4) Section 69 shall in addition have effect with the substitution—
  - (a) of the following subsection for subsection (3)—
    - “(3) The following are relevant services—
      - (a) legal services;
      - (b) accountancy services;
      - (c) services of a broker in respect of the society’s insurance business;
      - (d) reinsurance of the society’s insurance business;
      - (e) any other services designated as relevant services.”; and
    - (b) of a reference to Part II of this Schedule for every reference in subsection (7) to Schedule 10 to the Building Societies Act.
- (6) The requisite particulars of the business of a business associate of a friendly society or registered branch are accordingly those set out in paragraphs 10 to 12 or 13 to 15 below.

#### Commencement Information

**I73** Sch. 11 para. 9 wholly in force; Sch. 11 para. 9 not in force at Royal Assent see s. 126(2); Sch. 11 para. 9 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 9 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### Marginal Citations

**M41** 1986 c. 53.

#### *Requisite particulars where no adoption of this Part*

- 10 Where the business associate of the society or branch provides legal services the requisite particulars of its business in any financial year are the following—
- (a) the aggregate amount of the fees paid to it by the society or branch concerned for the provision of legal services; and
  - (b) the aggregate amount of any fees paid to it by the society or branch in consideration of the provision of management services to the society or branch.

#### Commencement Information

**I74** Sch. 11 para. 10 wholly in force; Sch. 11 para. 10 not in force at Royal Assent see s. 126(2); Sch. 11 para. 10 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 10 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

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- 11 Where the business associate of the society or branch provides accountancy services the requisite particulars of its business in any financial year are the following—
- (a) the aggregate amount of the fees paid to it by the society or branch for the provision of accountancy services; and
  - (b) the aggregate amount of any fees paid to it by the society or branch in consideration of the provision of management services to the society or branch.

**Commencement Information**

**I75** [Sch. 11 para. 11](#) wholly in force; [Sch. 11 para. 11](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 11 para. 11](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16, art. 2, Sch. 1](#); [Sch. 11 para. 11](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213, art. 2\(1\), Sch. 5](#)

- 12 Where the business associate of the society or branch arranges for the provision of insurance broking services, the requisite particulars of its business in any financial year are the following—
- (a) the aggregate of the amounts paid to it by the society or branch by way of commission; and
  - (b) the aggregate amount of any fees paid to it by the society or branch in consideration of the provision of management services to the society or branch.

**Commencement Information**

**I76** [Sch. 11 para. 12](#) wholly in force; [Sch. 11 para. 12](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 11 para. 12](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16, art. 2, Sch. 1](#); [Sch. 11 para. 12](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213, art. 2\(1\), Sch. 5](#)

*Requisite particulars on adoption of this Part*

- 13 Where the business associate of the society or branch provides legal services, the requisite particulars of its business in any financial year are the following—
- (a) the prescribed band within which falls the estimated aggregate amount of the fees paid to it by the society or branch for the provision of legal services; and
  - (b) the prescribed band within which falls the estimated aggregate amount of any fees paid to it by the society or branch in consideration of the provision of management services to the society or branch.

**Commencement Information**

**I77** [Sch. 11 para. 13](#) wholly in force; [Sch. 11 para. 13](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 11 para. 13](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16, art. 2, Sch. 1](#); [Sch. 11 para. 13](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213, art. 2\(1\), Sch. 5](#)

- 14 Where the business associate of the society or branch provides accountancy services the requisite particulars of its business in any financial year are the following—

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- (a) the prescribed band within which falls the estimated aggregate amount of the fees paid to it by the society or branch for the provision of accountancy services; and
- (b) the prescribed band within which falls the estimated aggregate amount of any fees paid to it by the society or branch in consideration of the provision of management services to the society or branch.

#### Commencement Information

**I78** Sch. 11 para. 14 wholly in force; Sch. 11 para. 14 not in force at Royal Assent see s. 126(2); Sch. 11 para. 14 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 14 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

- 15 Where the business associate of the society or branch provides insurance broking services the requisite particulars of its business in any financial year are the following—
- (a) the prescribed band within which falls the estimated aggregate of the amounts paid to it by or by way of commission; and
  - (b) the prescribed band within which falls the estimated aggregate amount of any fees paid to it by the society or branch in consideration of the provision of management services to the society or branch.

#### Commencement Information

**I79** Sch. 11 para. 15 wholly in force; Sch. 11 para. 15 not in force at Royal Assent see s. 126(2); Sch. 11 para. 15 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 15 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### *Power to prescribe bands*

- 16 (1) The [<sup>F506</sup>Treasury], with the consent of the Treasury, may by order prescribe, for the purposes of the provisions of this Part of this Schedule, series of monetary amounts by reference to limits specified in the order; and, in any such provision, “prescribed band” means, in relation to monetary amounts, any series of monetary amounts so prescribed for the purposes of that provision.
- (2) The power conferred by this paragraph includes power to prescribe different series of monetary amounts for the purposes of different provisions.

#### Textual Amendments

**F506** Word in Sch. 11 para. 16(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), Sch. 3 para. 124 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

#### Modifications etc. (not altering text)

**C25** Sch. 11 para. 16(1): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2, 4(1), Sch. 1 Pt. II (with art. 5); S.I. 2001/3538, art. 2(1)

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#### Commencement Information

**I80** Sch. 11 para. 16 wholly in force; Sch. 11 para. 16 not in force at Royal Assent see s. 126(2); Sch. 11 para. 16 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 11 para. 16 in force for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 2

## SCHEDULE 12

Section 30.

### MEETINGS AND RESOLUTIONS

#### *Annual general meeting*

- 1 (1) Every friendly society and registered branch shall in each year hold a general meeting as its annual general meeting (in addition to any other meetings in that year).
- (2) Not more than 15 months shall elapse between the date of one annual general meeting and that of the next.
- (3) If an incorporated friendly society holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation or in the following year.
- (4) If a registered friendly society or registered branch holds its first annual general meeting within 18 months of its registration under the 1974 Act, it need not hold it in the year of its registration or in the following year.

#### Commencement Information

**I81** Sch. 12 para. 1 wholly in force; Sch. 12 para. 1 not in force at Royal Assent see s. 126(2); Sch. 12 para. 1 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 12 para. 1 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

- 2 (1) A meeting to be held as the annual general meeting of a friendly society or registered branch shall be specified as such in any notice calling it.
- (2) Notwithstanding anything in the rules of a friendly society or registered branch, the business which may be dealt with at the annual general meeting includes any resolution (whether a special resolution or not).

#### Commencement Information

**I82** Sch. 12 para. 2 wholly in force; Sch. 12 para. 2 not in force at Royal Assent see s. 126(2); Sch. 12 para. 2 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 12 para. 2 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

- 3 (1) If a friendly society or registered branch fails to hold a meeting as its annual general meeting in accordance with paragraph 1 above, the society or branch shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.
- (2) If such default is made, the [<sup>F507</sup>FCA] may—

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- (a) call, or direct the calling of, an annual general meeting, and
  - (b) give such ancillary or consequential directions as it thinks expedient, including directions modifying or supplementing the operation of the rules of the society concerned in relation to the calling, holding and conducting of the meeting.
- (3) If default is made in complying with any directions of the [F507FCA] given under this paragraph, the society or branch concerned shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

#### Textual Amendments

**F507** Word in [Sch. 12 para. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), [art. 1\(1\)](#), [Sch. 9 para. 54](#) (with [Sch. 12](#))

#### Commencement Information

**I83** [Sch. 12 para. 3](#) wholly in force; [Sch. 12 para. 3](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 12 para. 3](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), [art. 2](#), [Sch. 1](#); [Sch. 12 para. 3](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), [art. 2\(1\)](#), [Sch. 5](#)

#### *Notice for calling meetings*

- 4 (1) A meeting of a friendly society or registered branch must be called by not less than 14 days' notice to members, or such longer period as the rules may require, expiring—
- (a) with the date of the meeting; or
  - (b) where proxy voting is permitted, with such earlier date as may be specified by the society, under its rules, as the final date for the receipt of [F508appointments of proxies] to vote at the meeting;
- and the notice to members of a meeting shall be given in such manner as is prescribed by the rules of the society or branch.
- [F509(1A) Sending the notice by electronic means to an electronic address which the member has notified for that purpose, or making the notice available to a member on a website, is to be regarded as giving the member notice for the purposes of sub-paragraph (1), unless the rules of the society or branch make express provision to the contrary.
- (1B) The end date for the purposes of section 119AB(4)(b) is the date of the meeting.
- (1C) If a notice calling a meeting includes an electronic address for the society or registered branch, the address is to be regarded as one to which documents or information relating to the meeting may be sent; but that is subject to such conditions or restrictions as the notice specifies.
- (1D) Where notice of a meeting is given to a member by sending it to an electronic address, the notice is to be treated as given to that member on the day it is sent.
- (1E) Where a notice of a meeting is given to a member by making the notice available on a website, the notice is to be treated as given on the day the member is notified in accordance with section 119AB(3).
- (1F) If the notice is absent from the website for part of the period referred to in section 119AB(4), and the absence is disregarded for the purposes of

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section 119AB(5), that absence does not invalidate the proceedings of the meeting or resolutions passed.]

- (2) Where the rules of a friendly society do not provide for the giving of individual notices to those entitled (when the notice is given) to vote at meetings of any description, the rules may provide for the giving of notice of such meetings by advertisement.
- (3) If the rules provide for the giving of notice of any meetings by advertisement, the rules must include provision requiring the necessary advertisements to be inserted—
  - (a) in at least one newspaper circulating in the areas in which the members of the society reside; or
  - (b) where the membership of the society is drawn from a professional body or wholly or mainly from persons who are or have been engaged in a particular trade, profession or vocation, in an appropriate professional journal,
 as the rules may provide.
- (4) The rules of a friendly society or registered branch may provide—
  - (a) for adjourned meetings to be called without notice or with such notice as the rules may require;
  - (b) for meetings to be held at a specified time and place, on such dates as are prescribed by the rules, either without further notice or with such notice as the rules may require;
 and sub-paragraphs (1) to (3) above shall not apply to meetings held by virtue of such provision.
- (5) This paragraph is without prejudice to any requirement under the rules of a friendly society or registered branch as to the giving of notice of special resolutions to be moved, or any other business to be transacted, at a meeting of the society or branch.

#### Textual Amendments

**F508** Words in Sch. 12 para. 4(1)(b) substituted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **21(1)(a)**

**F509** Sch. 12 para. 4(1A)-(1F) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **14**

#### Commencement Information

**I84** Sch. 12 para. 4 wholly in force; Sch. 12 para. 4 not in force at Royal Assent see s. 126(2); Sch. 12 para. 4 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 12 para. 4 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### *Members' entitlement to vote on resolutions*

- 5 (1) Subject to sub-paragraph (2) below, any provision in the rules of a friendly society or registered branch is void to the extent that it would have the effect of making the voting rights conferred on members by the rules conditional upon the amount of their subscriptions.
- (2) Sub-paragraph (1) above shall not apply to any provision in the rules excluding or limiting the voting rights of members by reference to the amount of their

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subscriptions in such cases or circumstances as the [<sup>F510</sup>Treasury] may by regulations prescribe.

- (3) In this section “subscription” includes a contribution payment falling to be made by a member.

#### Textual Amendments

**F510** Word in [Sch. 12 para. 5\(2\)](#) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617, arts. 2, 8\(1\), 13\(1\), Sch. 3 para. 125\(b\)](#) (with [arts. 13\(3\), Sch. 5](#)); [S.I. 2001/3538, art. 2\(1\)](#)

#### Modifications etc. (not altering text)

**C26** [Sch. 12 para. 5\(2\)](#): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by [S.I. 2001/2617, arts. 2, 4\(1\), Sch. 1 Pt. II](#) (with [art. 5](#)); [S.I. 2001/3538, art. 2\(1\)](#)

#### Commencement Information

**I85** [Sch. 12 para. 5](#) wholly in force; [Sch. 12 para. 5](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 12 para. 5](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16, art. 2, Sch. 1](#); [Sch. 12 para. 5](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213, art. 2\(1\), Sch. 5](#)

#### *Right to demand a poll*

- 6 (1) Any provision contained in the rules of a friendly society or registered branch shall be void in so far as it would have the effect either—
- (a) of excluding the right to demand a poll at a meeting of the society on any question other than the election of a chairman of the meeting or the adjournment of the meeting; or
  - (b) of making ineffective a demand for a poll on any such question which is made by not less than 10 members who are entitled to vote at the meeting or, in the case of a society whose rules provide for delegate voting, 5 delegates who are so entitled.
- (2) The reference in sub-paragraph (1)(b) above to members includes a reference, where the rules allow the appointment of proxies, to persons who are duly appointed on behalf of members entitled to attend and vote at the meeting.

#### Commencement Information

**I86** [Sch. 12 para. 6](#) wholly in force; [Sch. 12 para. 6](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 12 para. 6](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16, art. 2, Sch. 1](#); [Sch. 12 para. 6](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213, art. 2\(1\), Sch. 5](#)

#### *Special resolutions*

- 7 (1) No resolution of a friendly society shall be passed as a special resolution unless—
- (a) it is required to be so passed by or under any provision of this Act or the 1974 Act or by the rules of the society;
  - (b) at least 14 day’s notice, or such longer period as the rules may require, expiring—
    - (i) with the date of the meeting at which the resolution is to be moved;or



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- (ii) where proxy voting is permitted, with such earlier date as may be specified by the society, under its rules, as the final date for the receipt of [<sup>F511</sup>appointments of proxies] to vote at the meeting;  
is given to members in such manner as is prescribed by the rules; and
- (c) any such notice (or, in the case of a postal ballot, the ballot papers [<sup>F512</sup>or, in the case of an electronic ballot, the section of the website on which in which the facility for registering a vote may be used]) includes a statement that the resolution will not be effective unless it is passed as a special resolution;  
and, in this Act, “special resolution” means a resolution so passed.
- (2) Subject to sub-paragraph (3) below, a resolution of a friendly society shall not be effective as a special resolution unless it is passed by not less than three-quarters of the number of the members of the society entitled to vote on it and voting either (in person or by proxy) on a poll at a meeting of the society or in a <sup>F513</sup> ... ballot.
- (3) Where the rules of a friendly society provide for delegate voting, a resolution shall not be effective as a special resolution unless it is passed by not less than three quarters of the number of delegates entitled to vote on the resolution and voting on a poll at a meeting or in a <sup>F513</sup> ... ballot.
- (4) Where the rules of a friendly society do not provide for the giving of individual notices to those entitled (when the notice is given) to vote on special resolutions of any description, the rules may provide for the giving of notice by advertisement.
- (5) If the rules provide for the giving of notice of any special resolutions by advertisement, the rules must include provision requiring the necessary advertisements to be inserted—
- in at least one newspaper circulating in the areas in which the members of the society reside; or
  - where the membership of the society is drawn from a professional body or wholly or mainly from persons who are or have been engaged in a particular trade, profession or vocation, in an appropriate professional journal,
- as the rules may provide.
- (6) Proxy voting shall be permitted (notwithstanding anything to the contrary in a society’s rules) on any resolution which is to be moved as a special resolution at any meeting of a friendly society other than a meeting of delegates; and the procedure adopted by the society for such proxy voting shall comply with any requirements prescribed in regulations by the [<sup>F514</sup>Treasury].

#### Textual Amendments

**F511** Words in Sch. 12 para. 7(1)(b)(ii) substituted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **21(1)(b)**

**F512** Words in Sch. 12 para. 7(1)(c) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **21(3)**

**F513** Word in Sch. 12 para. 7(2)(3) omitted (12.4.2011) by virtue of [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **21(2)(c)**

**F514** Word in Sch. 12 para. 7(6) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), art. 2, 8(1), 13(1), **Sch. 3 para. 125(b)** (with art. 13(3), Sch. 5); [S.I. 2001/3538](#), **art. 2(1)**

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#### Modifications etc. (not altering text)

**C27** Sch. 12 para. 7(6): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2, 4(1), Sch. 1 Pt. II (with art. 5); S.I. 2001/3538, art. 2(1)

#### Commencement Information

**I87** Sch. 12 para. 7 wholly in force; Sch. 12 para. 7 not in force at Royal Assent see s. 126(2); Sch. 12 para. 7 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 12 para. 7 in force for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 2

### Postal ballots

- 8 (1) The rules of a friendly society or registered branch may provide for the voting—
- (a) in an election of the committee of management or, where applicable, of the secretary, or
  - (b) on any resolution (whether special or not),
- to be conducted in all, or in any particular, circumstances by postal ballot; and <sup>F515</sup>... “postal ballot” in relation to an election or a resolution of the society or branch, means a postal ballot taking place by virtue of those rules.
- [<sup>F516</sup>(1A) The rules of a friendly society or registered branch may also make provision in relation to the use of electronic communications in the conduct of a postal ballot.]
- (2) Where a postal ballot is to take place, the following provisions of this paragraph have effect.
- (3) Notice of a postal ballot shall be given not less than 14 nor more than 56 days before the date which the society or branch specifies as the final date for the receipt of completed ballot papers (referred to in this paragraph as “the voting date”).
- (4) Subject to the provisions of this Act, notice of a postal ballot shall be given to every member of the society or branch who would be entitled to vote in the election or on the resolution if the voting date for the election or the resolution fell on the date of the notice.
- [<sup>F517</sup>(4A) A friendly society or registered branch is to be regarded as giving notice of a postal ballot for the purposes of this paragraph if it makes the notice available to a member on a website; and the end date for the purposes of section 119AB(4)(b) is the voting date.
- (4B) A notice given in accordance with sub-paragraph (4A) is to be treated as given to the member on the day the member is notified in accordance with section 119AB(3).
- (4C) If the notice of postal ballot is absent from the website for part of the period referred to in section 119AB(4), and the absence is disregarded for the purposes of section 119AB(5), that absence does not invalidate the postal ballot.
- (4D) If a notice of postal ballot includes an electronic address for the society or registered branch, the address is to be regarded as one to which a completed voting paper, or other documents or information relating to the ballot may be sent; but that is subject to such conditions or restrictions as the notice specifies, and any express provision to the contrary made in the rules of the society or branch.]
- (5) Notice of a postal ballot—
- (a) shall contain such other notices relating to the election or resolution; and

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(b) shall be accompanied by such other documents, as would be required to be given or sent to a member in connection with the election or resolution had it been intended to hold the election or vote on the resolution at a meeting instead of by postal ballot with the exception, however, of any notice relating to voting by proxy at a meeting.

#### Textual Amendments

**F515** Words in Sch. 12 para. 8(1) omitted (12.4.2011) by virtue of The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **19(2)**

**F516** Sch. 12 para. 8(1A) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **19(3)**

**F517** Sch. 12 para. 8(4A)-(4D) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **19(4)**

#### Commencement Information

**I88** Sch. 12 para. 8 wholly in force; Sch. 12 para. 8 not in force at Royal Assent see s. 126(2); Sch. 12 para. 8 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 12 para. 8 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### *Electronic ballots*

- [<sup>F518</sup>8A(1) The rules of a friendly society or registered branch may provide for the voting in an election of the committee of management or, where applicable, the secretary, or on any resolution (whether special or not) to be conducted in all, or any particular, circumstances by electronic ballot.
- (2) An “electronic ballot”, in relation to such an election or resolution, means an electronic ballot taking place by virtue of those rules.
- (3) A person is to be regarded as voting in an electronic ballot only if the following conditions are satisfied.
- (4) The first condition is that the person—
- (a) has agreed (generally or specifically) that the society or branch may make a facility for registering a vote in the ballot available on a website, and
  - (b) has not revoked that agreement.
- (5) The second condition is that the society or branch has notified the person of—
- (a) the presence of the facility on the website;
  - (b) the address of the website;
  - (c) the place on the website where the facility may be accessed; and
  - (d) how to access the facility.
- (6) The third condition is that the facility is present on the website for the whole of the period—
- (a) beginning with the day on which the notification under sub-paragraph (5) is given, and
  - (b) ending at the time which the society or branch specifies in the notice of the ballot as the final time for the registration of votes in the ballot.

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- (7) The fourth condition is that the person registers a vote in the ballot by using the facility.
- (8) The notification given under sub-paragraph (5) must—
  - (a) state that it concerns a notice of an electronic ballot on a specified matter, and
  - (b) be given not less than 14 days before the final date for the registration of votes in the ballot.
- (9) Notice of an electronic ballot must be given not less than 14 nor more than 56 days before the date which the society or branch specifies as the final day for the registration of votes in the ballot.
- (10) Unless express provision to the contrary is made in the rules of a society or branch, sub-paragraphs (4) and (5) of paragraph 8 apply to a notice of an electronic ballot as they apply to a notice of a postal ballot.
- (11) The rules of the society or branch may make provision as to the consequences of any irregularities occurring in the course of a ballot, including provision as to the validity of multiple votes cast by a member in the same election or on the same resolution.
- (12) Unless express provision to the contrary is made in the rules of a society or branch, if the facility for registering a vote is absent from the website for part of the period referred to in sub-paragraph (6), the absence is to be disregarded if it is wholly attributable to circumstances that it would not be reasonable to have expected the society or branch to prevent or avoid.

#### Textual Amendments

**F518** Sch. 12 paras. 8A, 8B inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), 20

#### *Combined ballots*

- 8B.
- (1) The rules of a friendly society or registered branch may provide for the voting in an election of the committee of management or, where applicable, the secretary, or on any resolution (whether special or not) to be conducted in all, or any particular, circumstances by combined ballot.
  - (2) A “combined ballot”, in relation to such an election or resolution, means a postal ballot and electronic ballot taking place in accordance with those rules.
  - (3) The rules must, in particular, stipulate that no person entitled to vote in a combined ballot is permitted to do so in both the postal and the electronic ballot.
  - (4) Paragraph 8(2) to (5) applies to a combined ballot in so far as it involves a postal ballot.
  - (5) Paragraph 8A(3) to (12) applies to a combined ballot in so far as it involves an electronic ballot].

#### *Resolutions requiring special notice*

- 9
- (1) Where by any provision of this Act special notice is required of a resolution, the resolution is not effective unless notice of the intention to move it has been given

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to the friendly society concerned at least 28 days before the meeting at which it is moved.

- (2) The friendly society concerned shall give its members notice of any such resolution at the same time and in the same manner as is required by its rules for notice of the meeting or, if that is not practicable, shall give them notice (either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by the society's rules) at least 14 days before the meeting.
- [<sup>F519</sup>(2A) Sending the notice by electronic means to an electronic address which the member has notified for that purpose, or making the notice available to a member on a website, is to be regarded as giving the member notice for the purposes of sub-paragraph (2), unless the rules of the society make express provision to the contrary.
- (2B) The end date for the purposes of section 119AB(4)(b) is the date of the meeting.
- (2C) If a notice calling a meeting includes an electronic address for the society, the address is to be regarded as one to which documents or information relating to the meeting may be sent; but that is subject to such conditions or restrictions as the notice specifies.
- (2D) Where notice of a meeting is given to a member by sending it to an electronic address, the notice is to be treated as given to that member on the day it is sent.
- (2E) Where a notice of a meeting is given to a member by making the notice available on a website, the notice is to be treated as given on the day the member is notified in accordance with section 119AB(3).
- (2F) If the notice is absent from the website for part of the period referred to in section 119AB(4), and the absence is disregarded for the purposes of section 119AB(5), that absence does not invalidate the proceedings of the meeting or resolutions passed.]
- (3) If, after notice of the intention to move such a resolution has been given to the society, a meeting is called for a date 28 days or less after the notice has been given, the notice is deemed properly given, though not given within the time required.

#### Textual Amendments

**F519** Sch. 12 para. 9(2A)-(2F) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **15**

#### Commencement Information

**189** Sch. 12 para. 9 wholly in force; Sch. 12 para. 9 not in force at Royal Assent see s. 126(2); Sch. 12 para. 9 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 12 para. 9 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

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**Textual Amendments**

**F520** Schs. 13-13C repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F522** SCHEDULE  
13A TO 1992 ACT

**Textual Amendments**

**F522** Schs. 13-13C repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 4); S.I. 2001/3538, **art. 2(1)**

**F523** SCHEDULE  
13B TO 1992 ACT

**Textual Amendments**

**F523** Schs. 13-13C repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F524** SCHEDULE  
13C TO 1992 ACT

**Textual Amendments**

**F524** Schs. 13-13C repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

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## F525 SCHEDULE 13D

Section 69J

### DISCLOSURES ABOUT MEMBERS OF THE COMMITTEE OF MANAGEMENT AND EMPLOYEES

#### Textual Amendments

**F525** Sch. 13D inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), art. 1(2), **Sch. para. 6**

### PART 1

#### EMOLUMENTS OF AND DEALINGS WITH MEMBERS OF THE COMMITTEE

##### *Aggregate amount of committee members' emoluments*

1. (1) The aggregate amount of committee members' emoluments must be shown.
- (2) In this paragraph, “committee members' emoluments” means the emoluments paid to or receivable by any person in respect of—
  - (a) his services as a member of the committee; or
  - (b) his services while a member of the committee—
    - (i) as director of any of the society’s associated bodies; or
    - (ii) otherwise in connection with the management of the affairs of the society or any of its associated bodies.
- (3) There must also be shown, separately, the aggregate amounts within sub-paragraph (2)(a), sub-paragraph (2)(b)(i) and sub-paragraph (2)(b)(ii).
- (4) For the purposes of this paragraph the “emoluments” of a person include—
  - (a) fees and percentages;
  - (b) sums paid by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax);
  - (c) contributions paid in respect of him under any pension scheme; and
  - (d) the estimated money value of any other benefits received by him otherwise than in cash,
 and emoluments in respect of a person’s accepting office as a member of the committee must be treated as emoluments in respect of his services as a member of the committee.

##### *Details of chairman’s and committee members' emoluments*

2. (1) Where the amount shown in compliance with paragraph 1(1) is £60,000 or more, the emoluments of the chairman must be shown.
- (2) Where sub-paragraph (1) requires an amount to be shown and there has been more than one chairman during the year, the emoluments of each must be stated so far as attributable to the period during which he was chairman.



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- (3) Where the amount shown in compliance with paragraph 1(1) is £60,000 or more, the following information must be given with respect to the committee members' emoluments—
  - (a) the number of members of the committee whose emoluments fell within each of the following bands—
    - (i) not more than £5,000;
    - (ii) more than £5,000 but not more than £10,000;
    - (iii) more than £10,000 but not more than £15,000;and in successive bands of £5,000;
  - (b) if the emoluments of any of the members of the committee exceeded that of the chairman, the greatest amount of emoluments of any member of the committee.
- (4) Where more than one person has been chairman during the year, the reference in paragraph (3)(b) to the emoluments of the chairman is to the aggregate of the emoluments of each person who has been chairman, so far as attributable to the period during which he was chairman.
- (5) The information required by sub-paragraph (3)(a) need not be given in respect of a member of the committee who discharged his duties as such wholly or mainly outside the United Kingdom; and any such member of the committee must be left out of account for the purposes of sub-paragraph (3)(b).
- (6) In this paragraph “emoluments” has the same meaning as in paragraph 1, except that it does not include contributions paid in respect of a person under a pension scheme.

#### *Emoluments waived*

3. (1) There must be shown—
  - (a) the number of members of the committee who have waived rights to receive emoluments in the present financial year or in the future which, but for the waiver, would have fallen to be included in the amount shown under paragraph 1(1) in the present annual accounts or in future annual accounts; and
  - (b) the aggregate amount of those emoluments.
- (2) For the purposes of this paragraph it must be assumed that a sum not receivable in respect of a period would have been paid at the time at which it was due, and if such sum was payable only on demand, it must be deemed to have been due at the time of the waiver.
- (3) In this paragraph “emoluments” has the same meaning as in paragraph 1.

#### *Pensions of members of the committee and past members of the committee*

4. (1) There must be shown the aggregate amount of pensions of members of the committee and past members of the committee.
- (2) This amount does not include any pension paid or receivable under a pension scheme if the scheme is such that the contributions under it are substantially adequate for the maintenance of the scheme, but, subject to this, it includes any pension paid or receivable in respect of any such services of a member of the committee or past member of the committee as are mentioned in paragraph 1(2) whether to or by him

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or on his nomination or by virtue of dependence on or other connection with him, to or by any other person.

- (3) The amount shown must distinguish between pensions in respect of services as a member of the committee or a director of any of its associated bodies, and other pensions.
- (4) References in this paragraph to pensions include benefits otherwise than in cash and in relation to so much of a pension as consists of such a benefit references to its amount are to the estimated money value of the benefit.
- (5) The nature of any such benefit as is mentioned in sub-paragraph (4) must be disclosed.

*Compensation to members of the committee for loss of office*

5. (1) There must be shown the aggregate amount of any compensation to members of the committee and past members of the committee in respect of loss of office.
- (2) This amount includes compensation received or receivable by members of the committee or past members of the committee for —
  - (a) loss of office as a member of the committee; or
  - (b) loss, while a member of the committee or in connection with his ceasing to be a member of the committee, of—
    - (i) any other office in connection with the management of the society's affairs; or
    - (ii) any office as director or otherwise in connection with the management of the affairs of any associated body of the society, and must distinguish between compensation in respect of the office of member of the committee or a director of any of its associated bodies, and compensation in respect of other offices.
- (3) References to compensation in this paragraph include benefits otherwise than in cash, and in relation to such compensation—
  - (a) references to its amount are to the estimated money value of the benefit; and
  - (b) the nature of the compensation must be disclosed.
- (4) References to compensation for loss of office include compensation in consideration for, or in connection with, a person's retirement from office.

*Sums paid to third parties in respect of services of members of the committee*

6. (1) There must be shown the aggregate amount of any consideration paid to or receivable by third parties for making available the services of any person—
  - (a) as a member of the committee; or
  - (b) while a member of the committee—
    - (i) as director of any of its associated bodies; or
    - (ii) otherwise in connection with the management of the affairs of the society or any of its associated bodies.
- (2) The reference in sub-paragraph (1) to consideration includes benefits paid or receivable otherwise than in cash, and in relation to such consideration—
  - (a) references to its amount are to the estimated money value of the benefit; and

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- (b) the nature of the consideration must be disclosed.
- (3) The reference in sub-paragraph (1) to third parties is to a person other than—
  - (a) the member of the committee himself or a person connected with him or a body corporate associated with him; and
  - (b) the society or any of its associated bodies.

*Supplementary provisions regarding committee members' emoluments*

- 7. (1) The following applies with respect to the amounts to be shown under paragraphs 1, 4, 5 and 6.
  - (2) The amount in each case includes all relevant sums paid by or receivable from—
    - (a) the society;
    - (b) the society's associated bodies; and
    - (c) any other person, except sums to be accounted for to the society or any of its associated bodies.
  - (3) The amount to be shown under paragraph 5 must distinguish between the sums respectively paid by or receivable from the society, its associated bodies and persons other than the society and its associated bodies.
  - (4) References in this paragraph to amounts paid to or receivable by a person, include amounts paid to or receivable by a person connected with him or a body corporate associated with him (but not so as to require an amount to be counted twice).
- 8. (1) The amounts to be shown for any financial year under paragraphs 1, 2, 5 and 6 are the sums receivable in respect of that year (whenever paid) or, in the case of sums not receivable in respect of a period, the sums paid during that year.
  - (2) But where—
    - (a) any sums are not shown in a note to the accounts for the relevant financial year on the ground that the person receiving them is liable to account for them as mentioned in paragraph 7(2), but the liability is thereafter wholly or partly released or is not enforced within a period of 2 years; or
    - (b) any sums paid by way of expenses allowance are charged to United Kingdom income tax after the end of the relevant financial yearthose sums must, to the extent to which the liability is released or not enforced or they are charged as mentioned (as the case may be), be shown in a note to the first accounts in which it is practicable to show them and must be distinguished from the amounts to be shown apart from this provision.
- 9. (1) Where the Chief Executive of the society is not also a member of the committee of the society, he must be treated, for the purposes of paragraphs 1 to 8 as a member of that committee.
  - (2) In such circumstances there must be a note in the accounts specifying that the Chief Executive has been so treated.

*Interpretation of provisions regarding committee members' emoluments*

- 10. (1) In paragraphs 1 to 9—
  - (a) references to services to an associated body of a society must be taken to refer to services to a body which was an associated body of the society at the

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time at which the services were rendered, or, in the case only of paragraph 5, immediately before the member of the committee lost his office as member of the committee;

- (b) “pension” includes any superannuation allowance, superannuation gratuity or similar payment;
- (c) “pension scheme” means a scheme for the provision of pensions in respect of services as a member of the committee or otherwise which is maintained in whole or in part by means of contributions;
- (d) “contribution”, in relation to a pension scheme, means any payment (including an insurance premium) paid for the purposes of the scheme by or in respect of persons rendering services in respect of which pensions will or may become payable under the scheme except that it does not include any payment in respect of two or more persons if the amount paid in respect of each of them is not ascertainable.

- (2) In paragraphs 6 and 7, references to a person being “connected” with a member of the committee, and to a member of the committee being “associated with” a body corporate, must be construed in accordance with section 70 of the Building Societies Act 1986 (as applied to friendly societies by paragraph 9 of Schedule 11 to this Act).

#### *Committee members' loans and transactions*

- 11. (1) This paragraph applies, subject to sub-paragraph (5), in relation to—
  - (a) loans from and other transactions and arrangements with the society described in section 65 of the Building Societies Act 1986 (as applied to friendly societies by paragraph 9 of Schedule 11 to this Act) (which restricts loans to and other transactions and arrangements with directors and persons connected with them), other than those to which section 65(5) and (6) of the Building Societies Act 1986 applies; and
  - (b) in the case of a society the committee of management of which is obliged to prepare group accounts, loans from and other transactions and arrangements with a subsidiary undertaking of the society to which paragraph (a) would apply were the society rather than the subsidiary undertaking a party to them.
- (2) The notes to the annual accounts must contain a statement, in relation to such loans, transactions, and arrangements showing:
  - (a) the aggregate amounts outstanding under them at the end of the financial year; and
  - (b) the numbers of persons for whom such loans, transactions and arrangements were made.
- (3) The notes to the annual accounts must, in relation to any loan or other transaction or arrangement subsisting during or at the end of the financial year, make the following disclosures—
  - (a) where a copy of it or a memorandum of its terms is included in the register maintained under section 68 of the Building Societies Act 1986 (as applied to friendly societies by paragraph 9 of Schedule 11 to this Act) (which requires the maintenance of such a register), the existence of the register and the availability of requisite particulars from it for inspection must be disclosed;
  - (b) where it comes within paragraph (1)(b), its particulars must be disclosed unless it was one which would, had the subsidiaries of the society formed part of the society, have been exempted from the obligations imposed by

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section 68 of the Building Societies Act 1986 (as applied to friendly societies by paragraph 9 of Schedule 11 to this Act).

- (4) This paragraph applies in relation to loans to, and other transactions and arrangements with, a person connected with a member of the committee where the society (or in the case of a subsidiary undertaking incorporated in the United Kingdom, the subsidiary undertaking) has notice of the connection between that member of the committee and that person.

#### *Disclosure of auditors' remuneration*

<sup>F526</sup>12. ....

#### **Textual Amendments**

**F526** Sch. 13D para. 12 omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), 4(3)

## **PART 2**

### INFORMATION ABOUT EMPLOYEES

13. (1) The following information with respect to the employees of a society must be given in notes to the society's individual accounts—
- (a) the average number of persons employed by the society in the financial year; and
  - (b) the average number of persons so employed within each category of persons employed by the society.
- (2) The average number required by sub-paragraph (1)(a) or (b) is determined by dividing the relevant annual number by the number of complete calendar months in the financial year.
- (3) The relevant annual number is determined by ascertaining for each complete calendar month in the financial year—
- (a) for the purposes of sub-paragraph (1)(a), the number of persons employed under contracts of service by the society in that month (whether throughout the month or not);
  - (b) for the purposes of sub-paragraph (1)(b), the number of persons in the category in question of persons so employed,
- and, in either case, adding together all the monthly numbers.
- (4) In respect of all persons employed by the society during the financial year who are taken into account in determining the relevant annual number for the purposes of paragraph (1)(a) there must also be stated the aggregate amounts respectively of—
- (a) wages and salaries paid or payable in respect of that year to those persons;
  - (b) social security costs incurred by the society on their behalf; and
  - (c) other pension costs so incurred.

This does not apply in so far as those amounts, or any of them, are stated elsewhere in the society's accounts.

*Status: Point in time view as at 29/06/2017.*

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- (5) For the purposes of sub-paragraph (1)(b) the categories of person employed by the society are such as the directors may select, having regard to the manner in which the society’s activities are organised.

*Interpretation: general*

14. In this Schedule “associated body”, in relation to a society, means a body in which the society holds shares or corresponding membership rights.]

## [<sup>F527</sup>SCHEDULE 13E

Section 69K

### DISCLOSURES ABOUT RELATED UNDERTAKINGS

#### **Textual Amendments**

**F527** Sch. 13E inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Friendly Societies Act 1992 \(International Accounting Standards and Other Accounting Amendments\) Order 2005 \(S.I. 2005/2211\)](#), art. 1(2), **Sch. para. 6**

## PART 1

### SOCIETIES NOT REQUIRED TO PREPARE CONSOLIDATED GROUP ACCOUNTS

#### *Subsidiary undertakings*

1. (1) The following information must be given with respect to the undertakings that are subsidiary undertakings of the society at the end of the financial year.
  - (2) The name of each subsidiary undertaking must be stated.
  - (3) There must be stated with respect to each subsidiary undertaking—
    - (a) if it is incorporated outside the United Kingdom, the country in which it is incorporated; or
    - (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland or in Northern Ireland.
  - (4) The specific reason why each subsidiary undertaking is not required to be included in consolidated accounts must be stated.

#### *Holdings in subsidiary undertakings*

2. (1) There must be stated in relation to shares of each class held by the society in a subsidiary undertaking—
  - (a) the identity of the class; and
  - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- (2) The shares held by or on behalf of the society itself must be distinguished from those attributed to the society which are held by or on behalf of a subsidiary undertaking.

*Status: Point in time view as at 29/06/2017.*

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### *Financial information about subsidiary undertakings*

3. (1) There must be disclosed with respect to each subsidiary undertaking—
  - (a) the aggregate amount of its capital and reserves as at the end of its relevant financial year; and
  - (b) its profit or loss for that year.
- (2) The information referred to in sub-paragraph (1) need not be given if the society's investment in the subsidiary undertaking is included in the society's accounts by way of the equity method of valuation or if—
  - (a) the subsidiary undertaking is not required by any provision of [<sup>F528</sup>the Companies Act 2006] to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere; and
  - (b) the society's holding is less than 50 per cent of the nominal value of the shares in the undertaking.
- (3) Information otherwise required by this paragraph need not be given if it is not material—
  - (a) in the case of Friendly Societies Act accounts, for the purpose of giving a true and fair view for the society of the matters set out in section 69B(2) or, where appropriate, section 69F(2); or
  - (b) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.
- (4) For the purposes of this paragraph the “relevant financial year” of a subsidiary undertaking is—
  - (a) if its financial year ends with that of the society, that year, and
  - (b) if not, its financial year ending last before the end of the society's financial year.

#### **Textual Amendments**

**F528** Words in *Sch. 13E para. 3(2)(a)* substituted (6.4.2008) by *The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948)*, art. 2(2), **Sch. 1 para. 186(2)** (with arts. 6, 11, 12)

### *Financial years of subsidiary undertakings*

4. Where—
  - (a) disclosure is made under paragraph 3(1) with respect to a subsidiary undertaking; and
  - (b) that undertaking's financial year does not end with that of the society, there must be stated in relation to that undertaking the date on which its last financial year before the end of the society's financial year ended.

### *Significant holdings in bodies corporate other than subsidiary undertakings*

5. (1) The information required by paragraphs 6 and 7 must be given where at the end of the financial year the society has a significant holding in a body corporate which is not a subsidiary undertaking of the society.
- (2) A holding is significant for this purpose if—



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- (a) it amounts to 20 per cent or more of the nominal value of the shares in the body corporate; or
  - (b) the amount of the holding (as stated or included in the society's accounts) exceeds one-tenth of the amount (as so stated) of the society's assets.
6. (1) The name of the body corporate must be stated.
- (2) There must be stated—
- (a) if the body corporate is incorporated outside the United Kingdom, the country in which it is incorporated; and
  - (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland or in Northern Ireland.
- (3) There must also be stated—
- (a) the identity of each class of shares in the body corporate held by the society; and
  - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- (4) Information otherwise required by this paragraph need not be given if it is not required in order for the society's individual accounts and group accounts to give a true and fair view.
7. (1) There must also be stated—
- (a) the aggregate amount of the capital and reserves of the body corporate as at the end of its relevant financial year; and
  - (b) its profit or loss for that year.
- (2) That information need not be given if the investment of the society in all bodies corporate in which it has a significant holding is shown, in aggregate, in the notes to the accounts by way of the equity method of valuation.
- (3) That information need not be given in respect of a body corporate if—
- (a) the body corporate is not required by any provision of [<sup>F529</sup>the Companies Act 2006] to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere; and
  - (b) the society's holding is less than 50 per cent of the nominal value of the shares in the body corporate.
- (4) Information otherwise required by this paragraph need not be given if it is not material—
- (a) in the case of Friendly Societies Act accounts, for the purpose of giving a true and fair view for the society of the matters set out in section 69B(2) or, where appropriate, section 69F(2); or
  - (b) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.
- (5) For the purposes of this paragraph the “relevant financial year” of a body corporate is—
- (a) if its financial year ends with that of the society, that year; and
  - (b) if not, its financial year ending last before the end of the society's financial year.

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### Textual Amendments

**F529** Words in Sch. 13E para. 7(3)(a) substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 2(2), Sch. 1 para. 186(2) (with arts. 6, 11, 12)

#### *Construction of references to shares held by society*

8. (1) References in this Part of this Schedule to shares held by a society shall be construed as follows.
- (2) For the purposes of paragraphs 2 and 3—
- (a) shares held by a subsidiary undertaking, or by a person acting on behalf of the society or a subsidiary undertaking, are treated as if they were held by the society; but
  - (b) shares held on behalf of a person other than the society or a subsidiary undertaking are not treated as if they were held by the society.
- (3) For the purposes of paragraphs 5 to 7—
- (a) shares held on behalf of a society by any person are treated as if they were held by the society; but
  - (b) shares held on behalf of a person other than the society are not treated as if they were held by the society.
- (4) For the purposes of paragraphs 2 to 7, shares held by way of security shall be treated as if they were held by the person providing the security where—
- (a) apart from the right to exercise them for the purposes of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions; and
  - (b) the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in his interests.

## PART 2

### SOCIETIES REQUIRED TO PREPARE CONSOLIDATED ACCOUNTS

#### *Subsidiary undertakings*

9. (1) The following information must be given with respect to the bodies corporate that are subsidiary undertakings of the society at the end of the financial year.
- (2) The name of each body corporate must be stated.
- (3) There must be stated—
- (a) if it is incorporated outside the United Kingdom, the country in which it is incorporated;
  - (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland or in Northern Ireland.

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- (4) It must be stated whether the subsidiary undertaking is included in the consolidation and, if it is not, the reason for excluding it from the consolidation must be given.
- (5) It must be stated with respect to each subsidiary undertaking of the society by virtue of which of the conditions specified in [F530 section 1162 of the Companies Act 2006] (as applied by section 78A of this Act) it is a subsidiary undertaking of the society.
- (6) Sub-paragraph (5) does not apply in relation to a subsidiary undertaking if—
  - (a) the relevant condition is that specified in subsection (2)(a) of [F531 section 1162] of that Act, and
  - (b) the society that is its immediate parent undertaking (within the meaning of [F532 section 1162 of the Companies Act 2006]) holds the same proportion of the shares in the undertaking as it holds voting rights.

#### **Textual Amendments**

- F530** Words in Sch. 13E para. 9(5) substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 2(2), **Sch. 1 para. 186(3)(a)** (with arts. 6, 11, 12)
- F531** Words in Sch. 13E para. 9(6)(a) substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 2(2), **Sch. 1 para. 186(3)(b)** (with arts. 6, 11, 12)
- F532** Words in Sch. 13E para. 9(6)(b) substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 2(2), **Sch. 1 para. 186(3)(a)** (with arts. 6, 11, 12)

#### *Holdings in subsidiary undertakings*

10. (1) The following information must be given with respect to the shares of a subsidiary undertaking held—
  - (a) by the society, and
  - (b) by the group,
 and the information required under paragraphs (a) and (b) must (if different) be shown separately.
- (2) There must be stated—
  - (a) the identity of each class of shares held, and
  - (b) the proportion of the nominal value of the shares of that class represented by those shares.

#### *Financial information about subsidiary undertakings not included in the consolidation*

11. (1) There must be shown with respect to each subsidiary undertaking not included in the consolidation—
  - (a) the aggregate amount of its capital and reserves as at the end of its relevant financial year, and
  - (b) its profit or loss for that year.
- (2) The information referred to in sub-paragraph (1) need not be given if the group's investment in the subsidiary undertaking is included in the accounts by way of the equity method of valuation or if—
  - (a) the subsidiary undertaking is not required by any provision of [F533 the Companies Act 2006] to deliver a copy of its balance sheet for its relevant

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- financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere, and
- (b) the holding of the group is less than 50 per cent of the nominal value of the shares in the subsidiary undertaking.
- (3) Information otherwise required by this paragraph need not be given if it is not required in order for the society's group accounts to give a true and fair view.
- (4) For the purposes of this paragraph the "relevant financial year" of a subsidiary undertaking is—
- (a) if its financial year ends with that of the society, that year; and
- (b) if not, its financial year ending last before the end of the society's financial year.

#### Textual Amendments

**F533** Words in [Sch. 13E para. 11\(2\)\(a\)](#) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 186\(2\)](#) (with arts. 6, 11, 12)

#### *Jointly controlled bodies*

12. (1) The following information must be given where a body corporate included in the consolidation has an interest in a jointly controlled body.
- (2) The name of the jointly controlled body must be stated.
- (3) There must be stated—
- (a) if the body corporate is incorporated outside the United Kingdom, the country in which it is incorporated; and
- (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland or in Northern Ireland.
- (4) The following information must be given with respect to the shares of the jointly controlled body held—
- (a) by the society; and
- (b) by the group,
- and the information required under paragraphs (a) and (b) must (if different) be given separately.
- (5) There must be stated—
- (a) the identity of each class of shares in the jointly controlled body held; and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

#### *Other significant holdings of society or group*

13. (1) The information required by paragraphs 14 and 15 must be given where at the end of the financial year the society has a significant holding in a body corporate which is not one of its subsidiary undertakings and does not fall within paragraph 12 (jointly controlled bodies).
- (2) A holding is significant for this purpose if—

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- (a) it amounts to 20 per cent or more of the nominal value of the shares in the undertaking; or
  - (b) the amount of the holding (as stated or included in the society's individual accounts) exceeds one-tenth of the amount of the society's assets (as so stated).
14. (1) The name of the body corporate must be stated.
- (2) There must be stated—
- (a) if the body corporate is incorporated outside the United Kingdom, the country in which it is incorporated; and
  - (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland or in Northern Ireland.
- (3) There must also be stated—
- (a) the identity of each class of shares in the body corporate held by the society; and
  - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- (4) The information otherwise required by this paragraph need not be given if it is not material—
- (a) for the purposes of giving a true and fair view for the society and its subsidiary undertakings as a whole, of the matters set out in section 69(F)(2);
  - (b) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.
15. (1) There must be stated—
- (a) the aggregate amount of the capital and reserves of the body corporate as at the end of its relevant financial year; and
  - (b) its profits or loss for that year.
- (2) That information need not be given in respect of a body corporate if—
- (a) the body corporate is not required by any provision of [<sup>F534</sup>the Companies Act 2006] to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere; and
  - (b) the society's holding is less than 50 per cent of the nominal value of the shares in the undertaking.
- (3) Information otherwise required by this paragraph need not be given if it is not material—
- (a) for the purposes of giving a true and fair view for the society and its subsidiary undertakings as a whole, of the matters set out in section 69(F)(2);
  - (b) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.
- (4) For the purposes of this paragraph the “relevant financial year” of an undertaking is—
- (a) if its financial year ends with that of the society, that year; and
  - (b) if not, its financial year ending last before the end of the society's financial year.

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### Textual Amendments

**F534** Words in Sch. 13E para. 15(2)(a) substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 2(2), Sch. 1 para. 186(2) (with arts. 6, 11, 12)

16. (1) The information required by paragraphs 17 and 18 must be given where at the end of the financial year the group has a significant holding in a body corporate which is not a subsidiary undertaking of the society and does not fall within paragraph 12 (jointly controlled bodies).
- (2) A holding is significant for this purpose if—
- (a) it amounts to 20 per cent or more of the nominal value of the shares in the body corporate; or
  - (b) the amount of the holding (as stated or included in the group accounts) exceeds one-tenth of the amount of the group's assets (as so stated).
17. (1) The name of the body corporate must be stated.
- (2) There must be stated—
- (a) if the body corporate is incorporated outside the United Kingdom, the country in which it is incorporated; and
  - (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland or in Northern Ireland.
- (3) There must also be stated—
- (a) the identity of each class of shares in the body corporate held by the group; and
  - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- (4) Information otherwise required by this paragraph need not be given if it is not required in order for the society's group accounts to give a true and fair view.
18. (1) There must be stated—
- (a) the aggregate amount of the capital and reserves of the body corporate as at the end of its relevant financial year; and
  - (b) its profit or loss for that year.
- (2) That information need not be given if—
- (a) the body corporate is not required by any provision of [<sup>F535</sup>the Companies Act 2006] to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere; and
  - (b) the holding of the group is less than 50 per cent of the nominal value of the shares in the undertaking.
- (3) Information otherwise required by this paragraph need not be given if it is not material—
- (a) for the purposes of giving a true and fair view for the society and its subsidiary undertakings as a whole, of the matters set out in section 69(F)(2);
  - (b) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.

*Status: Point in time view as at 29/06/2017.*

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- (4) For the purposes of this paragraph the “relevant financial year” of an undertaking is—
- (a) if its financial year ends with that of the society, that year; and
  - (b) if not, its financial year ending last before the end of the society’s financial year.

**Textual Amendments**

**F535** Words in Sch. 13E para. 18(2)(a) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 186\(2\)](#) (with arts. 6, 11, 12)

*Construction of references to shares held by society or group*

19. (1) References in this Part of this Schedule to shares held by the society or the group shall be construed as follows.
- (2) For the purposes of paragraphs 10, 12(4) and (5) and 13 to 15—
- (a) shares held on behalf of a society by any person are treated as if they were held by the society; but
  - (b) shares held on behalf of a person other than the society are not treated as if they were held by the society.
- (3) References to shares held by the group are to any shares held by or on behalf of the society or any of its subsidiary undertakings; but shares held on behalf of a person other than the society or any of its subsidiary undertakings are not treated as if they were held by the group.
- (4) Shares held by way of security are treated as if they were held by the person providing the security—
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions; or
  - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of security, or of realising it, the rights attached to the shares are exercisable only in his interests.

*Interpretation: general*

20. In this Schedule “group” means a friendly society and its subsidiary undertakings.]



*Status: Point in time view as at 29/06/2017.*

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## <sup>F536</sup>SCHEDULE 13F

Section 69M

### DISCLOSURE OF AUDITOR REMUNERATION ETC

#### Textual Amendments

**F536** Sch. 13F inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 1 para. 1**

#### *Disclosure required*

1. (1) The following must be shown—
  - (a) the amount of any remuneration receivable by the society's auditor for the auditing of the annual accounts, and
  - (b) the amount of any remuneration receivable in respect of the financial year by—
    - (i) the society's auditor, or
    - (ii) any person who was, at any time during that financial year, an associate of the society's auditor,for the supply of other services to the society or branch or any associate of the society or branch.
- (2) Where the remuneration includes benefits in kind, the nature and estimated money-value of those benefits must also be shown.
- (3) Separate disclosure is required in respect of the auditing of the accounts in question and of each type of service specified in paragraph 2, but not in respect of each service falling within a type of service.
- (4) Separate disclosure is required in respect of services supplied to the society and its subsidiaries on the one hand and to associated pension schemes on the other.
- (5) Where more than one person has been appointed as a society's auditor in respect of the financial year, separate disclosure is required in respect of the remuneration of each such person and his associates.
- (6) Where a friendly society is required to prepare consolidated group accounts—
  - (a) those accounts must comply with sub-paragraph (1)(b) as if the undertakings included in the consolidation were a single friendly society, and
  - (b) notes to the society's individual accounts do not have to disclose the information required by that provision if the notes state that the group accounts are so required.

#### *Types of service*

2. The types of service in respect of which disclosure is required are—
  - (a) the auditing of accounts of associates of the society pursuant to legislation (including that of countries and territories outside the United Kingdom);
  - (b) other services supplied pursuant to such legislation;
  - (c) other services relating to taxation;
  - (d) services relating to information technology;

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- (e) internal audit services;
- (f) valuation and actuarial services;
- (g) services relating to litigation;
- (h) services relating to recruitment and remuneration;
- (i) services relating to corporate finance transactions entered into or proposed to be entered into on behalf of the society or any of its associates;
- (j) all other services.

*Disclosure not required of remuneration for certain services provided by distant associate*

3. (1) Disclosure is not required of remuneration receivable for the supply of services falling within paragraph 2(j) supplied by a distant associate of the society's auditor where the total remuneration receivable for all of those services supplied by that associate does not exceed—
- (a) £10,000, or
  - (b) 1% of the total audit remuneration received by the society's auditor in the most recent financial year of the auditor which ended no later than the end of the financial year of the society to which the accounts relate.
- (2) In sub-paragraph (1)(b)—
- (a) “financial year of the auditor” means—
    - (i) the period of not more than 18 months in respect of which the auditor's profit and loss account is required to be made up (whether by law or by or in accordance with the auditor's constitution (if any)), or
    - (ii) failing any such requirement, the period of 12 months beginning with 1st April;
  - (b) “total audit remuneration received” means the total remuneration received for the auditing pursuant to legislation (including that of countries and territories outside the United Kingdom) of any accounts of any person.

*Duty of auditor to supply information*

4. The auditor of a friendly society must supply the directors of the society with such information as is necessary to enable the disclosure required by paragraph 1(1)(b) to be made.

*Meaning of “associate” and “distant associate” of auditor*

5. (1) This paragraph defines what is meant in this Schedule by an “associate” or a “distant associate” of a friendly society's auditor.
- (2) The following are associates of a society's auditor—
- (a) any person controlled by the society's auditor or by any associate of the society's auditor (whether alone or through two or more persons acting together to secure or exercise control), but only if that control does not arise solely by virtue of the society's auditor or any associate of the society's auditor acting—
    - (i) as an insolvency practitioner in relation to any person,
    - (ii) in the capacity of a receiver, or a receiver or manager, of the property of a society or other body corporate, or

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- (iii) as a judicial factor on the estate of any person;
  - (b) any person who, or group of persons acting together which, has control of the society's auditor;
  - (c) any person using a trading name which is the same as or similar to a trading name used by the society's auditor, but only if the society's auditor use that trading name with the intention of creating the impression of a connection between the auditor and that other person;
  - (d) any person who is party to an arrangement with the society's auditor, with or without any other person, under which costs, profits, quality control, business strategy or significant professional resources are shared.
- (3) Where the society's auditor is a partnership, the following are also associates of the auditor—
- (a) any partner in the society's auditor;
  - (b) any body corporate which is in the same group as a body corporate which is a partner in the society's auditor;
  - (c) any body corporate of which a partner in the society's auditor is a director;
  - (d) any partnership which has a partner in common with the society's auditor;
  - (e) any body corporate which is in the same group as a body corporate which is a partner in a partnership which has a partner in common with the society's auditor.
- (4) Where a society's auditor is a body corporate (other than one which is also a partnership as defined in sub-paragraph (6)(d)), the following are also associates of the auditor—
- (a) any director of the society's auditor;
  - (b) any body corporate which is in the same group as a body corporate which is a director of the society's auditor;
  - (c) any body corporate which is in the same group as the society's auditor;
  - (d) any partnership in which any such body corporate which is in the same group as the society's auditor is a partner;
  - (e) any partnership in which a director of the society's auditor is a partner;
  - (f) any body corporate which has a director in common with the society's auditor;
  - (g) any body corporate which is in the same group as a body corporate which has a director in common with the society's auditor.
- (5) A distant associate of a society's auditor is a person who is an associate of that auditor by reason only that that person is an associate within one or more of—
- (a) sub-paragraph (2)(a) where the person in question is controlled by a distant associate of the society's auditor but not by the auditor or by an associate who is not a distant associate;
  - (b) sub-paragraph (3)(c), (d) or (e);
  - (c) sub-paragraph (4)(e), (f) or (g).
- (6) For the purposes of this paragraph—
- (a) “acting as an insolvency practitioner” shall be construed in accordance with section 388 of the Insolvency Act 1986 or Article 3 of the Insolvency (Northern Ireland) Order 1989;
  - (b) “director” includes any person occupying the position of director, by whatever name called;

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- (c) “partner” includes a member of a limited liability partnership;
- (d) “partnership” includes a limited liability partnership and a partnership constituted under the law of a country or a territory outside the United Kingdom;
- (e) a reference to “a receiver, or a receiver or manager, of the property of a society or other body corporate” includes a receiver, or (as the case may be) a receiver or manager, of part only of that property;
- (f) a person able, directly or indirectly to control or materially to influence the operating and financial policy of another person shall be treated as having control of that other person; and
- (g) a body corporate is in the same group as another body corporate if one is a subsidiary of the other.

#### *Interpretation*

6. In this Schedule—

“associate of the society” means—

- (a) any subsidiary of the society, other than a subsidiary in respect of which severe long-term restrictions substantially hinder the exercise of rights of the society over the assets or management of that subsidiary; or
- (b) any associated pension scheme;

“associated pension scheme”, in relation to a friendly society, means a scheme for the provision of benefits for or in respect of committee members or employees (or former committee members or employees) of the society or any subsidiary of the society where—

- (a) the benefits consist of or include any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death; and
- (b) either—
  - (i) a majority of the trustees are appointed by, or by a person acting on behalf of the society or a subsidiary of the society; or
  - (ii) the society, or a subsidiary of the society, exercises a dominant influence over the appointment of the auditor (if any) of the scheme;

“remuneration” includes payments in respect of expenses and benefits in kind;

“subsidiary” means a subsidiary undertaking that is a body corporate.

#### *Application to registered branches*

7. This Schedule applies to a registered branch as it applies to a friendly society.]

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## SCHEDULE 14

Section 72.

### AUDITORS: APPOINTMENT, TENURE, QUALIFICATIONS AND REMUNERATION

#### *Appointment*

- 1 (1) The [<sup>F537</sup>first auditor] of a friendly society or registered branch may be appointed by the committee of management of the society or branch at any time before the first general meeting of the society or branch following the end of its initial financial year; [<sup>F538</sup>and an auditor] so appointed shall hold office until the conclusion of that meeting.
- (2) If the committee of management fails to exercise its powers under sub-paragraph (1) above, those powers may be exercised by the society or branch in general meeting.

#### **Textual Amendments**

**F537** Words in [Sch. 14 para. 1\(1\)](#) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), [Sch. 2 para. 5\(a\)\(i\)](#)

**F538** Words in [Sch. 14 para. 1\(1\)](#) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), [Sch. 2 para. 5\(a\)\(ii\)](#)

#### **Commencement Information**

**I102** [Sch. 14 para. 1](#) wholly in force; [Sch. 14 para. 1](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 14 para. 1](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 14 para. 1](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

- 2 The committee of management, or the society or branch in general meeting, may fill any casual vacancy in the office of auditor; but while any such vacancy continues, the surviving or continuing auditor or auditors (if any) may act.

#### **Commencement Information**

**I103** [Sch. 14 para. 2](#) wholly in force; [Sch. 14 para. 2](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 14 para. 2](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 14 para. 2](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

- 3 (1) If at any annual general meeting of a friendly society or registered branch no [<sup>F539</sup>auditor is] appointed or re-appointed, the [<sup>F540</sup>appropriate authority] may appoint a person to fill the vacancy; and the society or branch shall, within one week of the power of the [<sup>F540</sup>appropriate authority] becoming exercisable, give it notice of that fact.
- (2) If a society or branch fails to give the notice required by sub-paragraph (1) above, the society or branch shall be guilty of an offence and liable on summary conviction—
- (a) to a fine not exceeding level 3 on the standard scale; and
  - (b) in the case of a continuing offence to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.

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#### Textual Amendments

- F539** Words in [Sch. 14 para. 3\(1\)](#) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), [Sch. 2 para. 5\(b\)](#)
- F540** Words in [Sch. 14 para. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 55\(2\)](#) (with [Sch. 12](#))

#### Commencement Information

- I104** [Sch. 14 para. 3](#) wholly in force; [Sch. 14 para. 3](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 14 para. 3](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 14 para. 3](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

### [<sup>F541</sup> *Appointments to which the Audit Directive applies*

#### Textual Amendments

- F541** [Sch. 14 para. 3A](#) and cross-heading inserted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 16\(2\)](#) (with arts. 6, 11, 12)

- 3A (1) Appointment as auditor of a friendly society to which the Audit Directive applies is an appointment as a statutory auditor to which the provisions of Part 42 of the Companies Act 2006 apply.
- (2) The following provisions of this Schedule do not apply in that case—
- (a) paragraphs 4 and 5 (eligibility for appointment),
  - (b) paragraph 6 (appointment of partnership),
  - (c) paragraph 7 (cases in which auditor need not be a member of a recognised supervisory body), and
  - (d) paragraph 8 (effect of ineligibility).]

#### *Eligibility for appointment*

- 4 (1) Subject to paragraph 7 below, a person is eligible for appointment as the auditor of a friendly society or registered branch only if he—
- (a) is a member of a recognised supervisory body; and
  - (b) is not ineligible for the appointment under the rules of that body.
- (2) An individual or a firm may be appointed as auditor of a friendly society or registered branch.
- (3) In this Schedule—
- F542** ...
- “recognised supervisory body” means a body which is a recognised supervisory body for the purposes of [<sup>F543</sup>Part 42 of the Companies Act 2006].

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### Textual Amendments

**F542** Words in [Sch. 14 para. 4\(3\)](#) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **7(2)**

**F543** Words in [Sch. 14 para. 4\(3\)](#) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 16(3)** (with arts. 6, 11, 12)

### Commencement Information

**I105** [Sch. 14 para. 4](#) wholly in force; [Sch. 14 para. 4](#) not in force at Royal Assent see s. 126(2); [Sch. 14 para. 4](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, **Sch. 1**; [Sch. 14 para. 4](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), **Sch. 5**

- 5 (1) A person is ineligible for appointment as an auditor of a friendly society or a registered branch of the society under this Schedule if he is—
- (a) an officer or employee of the friendly society or any registered branch of the society;
  - (b) a partner or employee of such a person or a partnership of which such a person is a partner,
- or, in the case of an incorporated friendly society, if he is [<sup>F544</sup>prohibited by section 1214(2) of the Companies Act 2006 (independence requirement) from acting as statutory auditor] of a subsidiary of the society or of a body jointly controlled by the society and some other person.
- (2) For this purpose an auditor of a friendly society or branch shall not be regarded as an officer or employee of the society or branch.
- (3) A person is also ineligible for appointment as auditor of a friendly society or branch if there exists between him or any associate of his and the society or branch or, if it is an incorporated friendly society, any of its subsidiaries, a connection of any such description as may be specified by regulations made by the [<sup>F545</sup>Treasury].
- (4) In this paragraph “associate” has the meaning given by [<sup>F546</sup>section 1260 of the Companies Act 2006].

### Textual Amendments

**F544** Words in [Sch. 14 para. 5\(1\)](#) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 16(4)** (with arts. 6, 11, 12)

**F545** Word in [Sch. 14 para. 5\(3\)](#) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), **Sch. 3 para. 127(b)** (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), **art. 2(1)**

**F546** Words in [Sch. 14 para. 5\(4\)](#) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 187** (with arts. 6, 11, 12)

### Modifications etc. (not altering text)

**C28** [Sch. 14 para. 5\(3\)](#): Functions of the Friendly Societies Commission transferred (1.12.2001) by the Treasury by [S.I. 2001/2617](#), arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); [S.I. 2001/3538](#), **art. 2(1)**



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**Commencement Information**

**I106** Sch. 14 para. 5 wholly in force; Sch. 14 para. 5 not in force at Royal Assent see s. 126(2); Sch. 14 para. 5 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 14 para. 5 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

*Appointment of partnerships*

- 6 (1) The following provisions apply to the appointment as auditor under this Schedule of a partnership constituted under the law of England and Wales or Northern Ireland, or under the law of any other country or territory in which a partnership is not a legal person.
- (2) The appointment is (unless a contrary intention appears) an appointment of the partnership as such and not of the partners.
- (3) Where the partnership ceases, the appointment shall be treated as extending to—
- (a) any partnership which succeeds to the practice of that partnership and is eligible for the appointment; and
  - (b) any person who succeeds to that practice having previously carried it on in partnership and is eligible for the appointment.
- (4) For this purpose a partnership shall be regarded as succeeding to the practice of another partnership only if the members of the successor partnership are substantially the same as those of the former partnership; and a partnership or other person shall be regarded as succeeding to the practice of a partnership only if it or he succeeds to the whole or substantially the whole of the business of the former partnership.
- (5) Where the partnership ceases and no person succeeds to the appointment under sub-paragraph (3) above, the appointment may with the consent of the recognised supervisory body be treated as extending to a partnership or other person eligible for the appointment who succeeds to the business of the former partnership or to such part of it as is agreed by the body shall be treated as comprising the appointment.

**Commencement Information**

**I107** Sch. 14 para. 6 wholly in force; Sch. 14 para. 6 not in force at Royal Assent see s. 126(2); Sch. 14 para. 6 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 14 para. 6 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

*Cases in which auditor need not be a member of a recognised supervisory body*

- 7 (1) A person who is not a member of a recognised supervisory body may be an auditor of a registered friendly society [<sup>F547</sup>or of a registered branch] if—
- (a) its receipts and payments in respect of the preceding financial year did not, in the aggregate, exceed £5,000; and
  - (b) the number of its members at the end of that year did not exceed 500; and
  - (c) the value of its assets at the end of that year did not, in the aggregate, exceed £5,000; <sup>F548</sup> . . .
  - <sup>F548</sup>(d) . . . . .
- <sup>F549</sup>(2) . . . . .

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- (3) A person who is not a member of a recognised supervisory body may also be an auditor of a registered branch if—
- (a) the conditions mentioned in sub-paragraph (1)(a) and (b) and sub-paragraph (2)(b) above are satisfied; and
  - (b) at the end of the preceding financial year at least 75 per cent of its assets had been transferred to the society of which it is a branch or to another registered branch of that society for the purpose of being invested, in accordance with the 1974 Act, by that society or other branch, and the value of its assets not so transferred did not, in the aggregate, exceed £5,000; and
  - (c) an auditor of the society or branch to which the assets were transferred must be a member of a recognised supervisory body.
- (4) Regulations made by the [<sup>F550</sup>Treasury] may—
- (a) substitute for any sum or number for the time being specified in sub-paragraph (1) above, or for any sum or percentage for the time being specified in sub-paragraph (3) above, such sum, number or percentage as may be specified in the regulations; and
  - (b) prescribe what receipts and payments of a body shall be taken into account for the purposes of those sub-paragraphs.
- (5) A registered friendly society or registered branch which, by virtue of this paragraph, may appoint a person who is not a member of a recognised supervisory body as an auditor in respect of any financial year is in this Schedule referred to as an exempt society or, as the case may be, an exempt branch, in respect of that financial year.
- (6) Subject to any direction given by the [<sup>F551</sup>appropriate authority] under sub-paragraph (7) below, a society or branch which in respect of any financial year is an exempt society or, as the case may be, an exempt branch shall in respect of that year appoint—
- (a) one or more qualified auditors; or
  - (b) two or more persons who are not qualified auditors,
- to audit its annual accounts for that year.
- (7) The [<sup>F551</sup>appropriate authority] may give a direction in the case of any particular society or branch which is an exempt society or branch in respect of any financial year that sub-paragraph (4) above shall apply to it in respect of that year as if it were not an exempt society or branch.

#### Textual Amendments

- F547** Words in Sch. 14 para. 7(1) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 127(c)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F548** Sch. 14 para. 7(1)(d) and the word “and” immediately preceding repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F549** Sch. 14 para. 7(2) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F550** Word in Sch. 14 para. 7(4) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 127(iv)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F551** Words in Sch. 14 para. 7(6)(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(3)** (with Sch. 12)

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#### Modifications etc. (not altering text)

**C29** Sch. 14 para. 7(4): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

#### Commencement Information

**I108** Sch. 14 para. 7 wholly in force; Sch. 14 para. 7 not in force at Royal Assent see s. 126(2); Sch. 14 para. 7(4) in force at 13.9.1993 by S.I. 1993/2213, art. 2(1), **Sch. 3**; Sch. 14 para. 7 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 6**

#### *Effect of ineligibility*

- 8 (1) No person shall act as an auditor under this Act if he is ineligible for appointment to the office.
- (2) If during his term of office an auditor appointed under this Schedule become ineligible for appointment to the office, he shall thereupon vacate office and shall forthwith give notice in writing to the society concerned that he has vacated it by reason of ineligibility.
- (3) A person who acts as auditor under this Act in contravention of sub-paragraph (1) above, or fails to give notice of vacating his office as required by sub-paragraph (2) above, is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine; and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum and, in the case of a continuing offence, to an additional fine not exceeding [<sup>F552</sup>one-tenth of the statutory maximum][<sup>F552</sup>one-tenth of the greater of £5,000 or the amount corresponding to level 4 on the standard scale for summary offences] for every day during which the offence continues.
- (4) In proceedings against a person for an offence under this paragraph it is a defence for him to show that he did not know and had no reason to believe that he was, or had become, ineligible for appointment.

#### Textual Amendments

**F552** Words in Sch. 14 para. 8(3)(b) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), **Sch. 3 para. 7(4)(a)** (with reg. 5(1))

#### Commencement Information

**I109** Sch. 14 para. 8 wholly in force; Sch. 14 para. 8 not in force at Royal Assent see s. 126(2); Sch. 14 para. 8 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 8 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### *Power of [<sup>F553</sup>appropriate authority] to require second audit*

#### Textual Amendments

**F553** Words in Sch. 14 para. 9 cross-heading substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(4)** (with Sch. 12)

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- 9 (1) Where a person appointed auditor under this Schedule was, for any part of the period during which the audit was conducted, ineligible for appointment to that office, the [<sup>F554</sup>appropriate authority] may direct the friendly society or registered branch concerned to retain a person eligible for appointment as auditor under this Schedule—
- (a) to audit the relevant accounts again; or
  - (b) to review the first audit and to report (giving his reasons) whether a second audit is needed;
- and the society or branch shall comply with such a direction within 21 days of its being given.
- (2) If a second audit is recommended, the society or branch shall forthwith take such steps as are necessary to comply with the recommendation.
- [<sup>F555</sup>(3) Where a direction is given to a society or branch under this paragraph the [<sup>F556</sup>PRA must send a copy of the direction to the FCA and the FCA must] place a copy of the direction in the public file of the society.
- (3A) Where a society or branch receives a report under sub-paragraph (1)(b) above, it shall within 21 days send a copy of it to the [<sup>F557</sup>FCA and, if the society is a PRA-authorized person, the PRA, and the FCA must place a copy of the report] in the public file.]
- (4) Any statutory or other provisions applying in relation to the first audit shall apply, so far as practicable, in relation to a second audit under this paragraph.
- (5) If a society or branch fails to comply with the requirements of this paragraph, it is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale; and in the case of a continuing offence to an additional fine not exceeding [<sup>F558</sup>one-tenth of that level][<sup>F558</sup>one-tenth of the greater of £5,000 or level 4 on the standard scale] for every day during which the offence continues.
- (6) A direction under this paragraph is, on the application of the [<sup>F559</sup>appropriate authority], enforceable by injunction or, in Scotland, by an order under section 45 of the <sup>M42</sup>Court of Session Act 1988.
- (7) If a person accepts an appointment, or continues to act, as an auditor under this Act at a time when he knows he is ineligible, the society concerned may recover from him any costs incurred by it in complying with the requirements of this paragraph.

#### Textual Amendments

- F554** Words in Sch. 14 para. 9(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 55(5)(a) (with Sch. 12)
- F555** Sch. 14 para. 9(3)(3A) substituted (17.8.2001 or specified purposes and otherwise 1.12.2001) for Sch. 14 para. 9(3) by S.I. 2001/2617, arts. 2, 8(1), 13(1), Sch. 3 para. 127(d)(ii) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F556** Words in Sch. 14 para. 9(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 55(5)(b) (with Sch. 12)
- F557** Words in Sch. 14 para. 9(3A) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 55(5)(c) (with Sch. 12)
- F558** Words in Sch. 14 para. 9(5) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), Sch. 3 para. 7(4)(b) (with reg. 5(1))

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**F559** Words in Sch. 14 para. 9(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(5)(d)** (with Sch. 12)

#### Commencement Information

**I110** Sch. 14 para. 9 wholly in force; Sch. 14 para. 9 not in force at Royal Assent see s. 126(2); Sch. 14 para. 9 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 9 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### Marginal Citations

**M42** 1988 c. 36.

### *Removal of auditors*

- 10 (1) A friendly society or registered branch may by ordinary resolution in general meeting remove an auditor before the expiration of his term of office, notwithstanding anything in any agreement between it and him.
- (2) Where such a resolution is passed, the society or branch shall within 14 days give notice of that fact to the [<sup>F560</sup>FCA and, if the society is a PRA-authorized person, the PRA].
- (3) If a friendly society or branch fails to give the notice required by sub-paragraph (2) above, it shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale and in the case of a continuing offence to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.
- (4) Nothing in this paragraph is to be taken as depriving a person removed under it of compensation or damages that may be payable to him in respect of the termination of his appointment as auditor or of any appointment terminating with that as auditor.
- (5) An auditor of a friendly society or registered branch who has been removed has, notwithstanding his removal, the rights conferred by section 75 above in relation to any general meeting of the society or branch at which—
- (a) his term of office would otherwise have expired; or
  - (b) it is proposed to fill the vacancy caused by his removal.
- [<sup>F561</sup>(6) An auditor may not be removed from office before the expiration of that auditor's term of office except—
- (a) by resolution under this paragraph, or
  - (b) in accordance with paragraph 6 of Schedule 14A.]

#### Textual Amendments

**F560** Words in Sch. 14 para. 10(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(6)** (with Sch. 12)

**F561** Sch. 14 para. 10(6) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **10(a)**

*Status: Point in time view as at 29/06/2017.*

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### Commencement Information

**I111** Sch. 14 para. 10 wholly in force; Sch. 14 para. 10 not in force at Royal Assent see s. 126(2); Sch. 14 para. 10 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 14 para. 10 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

### <sup>F562</sup>Removal of auditor on improper grounds

### Textual Amendments

**F562** Sch. 14 para. 10A and cross-heading inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), 6(1)

- 10A. (1) Where an auditor of a friendly society to which the Audit Directive applies is removed from office [<sup>F563</sup>, other than by order of the High Court made under paragraph 6 of Schedule 14A,] an application may be made to the High Court under this paragraph.
- (2) The persons who may make such an application are—
- (a) any member of the society who was also a member at the time of the removal;
  - [<sup>F564</sup>(b) the FCA provided that, if the society is a PRA-authorised person, it has consulted the PRA;
  - (c) if the society is a PRA-authorised person, the PRA provided that it has consulted the FCA.]
- (3) If the court is satisfied that the removal was—
- (a) on grounds of divergence of opinion on accounting treatments or audit procedures, or
  - (b) on any other improper grounds,
- it may make such order as it thinks fit for giving relief in respect of the removal.
- (4) The court may, in particular—
- (a) declare that any resolution of the society removing an auditor, or appointing a new auditor in his place, is void;
  - (b) require the directors of the society to re-appoint the auditor until the next general meeting of the society;
  - (c) give directions as to the conduct of the society's affairs in the future.
- (5) In the application of this paragraph to a friendly society whose registered office is in Scotland or Northern Ireland, references to the High Court shall be read as references to the Court of Session or, as the case may be, the High Court in Northern Ireland.]

### Textual Amendments

**F563** Words in Sch. 14 para. 10A(1) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), 10(b)

**F564** Sch. 14 para. 10A(2)(b)(c) substituted for Sch. 14 para. 10A(2)(b) (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 55(7) (with Sch. 12)



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*Rights of auditors who are removed or not re-appointed*

- 11 (1) Special notice is required for a resolution at a general meeting of a friendly society or registered branch—
- (a) removing an auditor before the expiration of his term of office; or
  - (b) appointing as auditor a person other than a retiring auditor.
- (2) On receipt of notice of such an intended resolution the friendly society or branch shall forthwith send a copy of it to the person proposed to be removed or, as the case may be, to the person proposed to be appointed and to the retiring auditor.
- (3) The auditor proposed to be removed or (as the case may be) the retiring auditor may make with respect to the intended resolution representations in writing to the society or branch (not exceeding a reasonable length) and request their notification to members of the society.
- (4) The society or branch shall (unless the representations are received by it too late for it to do so)—
- (a) in any notice of the resolution given to members of the society or branch, state the fact of the representations having been made;
  - (b) include in or with any such notice a copy of the representations; and
  - (c) make copies of them available to members at the meeting at which the resolution is to be moved.
- (5) If notice of any such representations is not given as required by sub-paragraph (4) above because received too late or because of the default of the society or branch, the auditor may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting.
- (6) The steps required by sub-paragraphs (4) or (5) above need not be taken if, on the application of the society or branch or of any other person claiming to be aggrieved, the court is satisfied that the rights conferred by this paragraph are being abused to secure needless publicity for defamatory matter; and the court may order the costs of the society or branch on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

**Commencement Information**

**I112** Sch. 14 para. 11 wholly in force; Sch. 14 para. 11 not in force at Royal Assent see s. 126(2); Sch. 14 para. 11 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 14 para. 11 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

*Resignation of auditors*

- 12 (1) An auditor of a friendly society or registered branch may resign his office by depositing a notice in writing to that effect at the society's registered office.
- (2) The notice is not effective unless it is accompanied by the statement required by paragraph 14 below.
- (3) An effective notice of resignation operates to bring the auditor's term of office to an end as of the date on which the notice is deposited or on such later date as may be specified in it.



*Status: Point in time view as at 29/06/2017.**Changes to legislation: Friendly Societies Act 1992 is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (4) The society or branch shall within 14 days of the deposit of a notice of resignation send a copy of the notice to the [<sup>F565</sup>FCA and, if the society is a PRA-authorized person, the PRA].
- (5) If default is made in complying with sub-paragraph (4) above, the society or branch is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine; and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum and in the case of a continuing offence, to an additional fine not exceeding [<sup>F566</sup>one-tenth of the statutory maximum][<sup>F566</sup>one-tenth of the greater of £5,000 or the amount corresponding to level 4 on the standard scale for summary offences] for every day during which the offence continues.

**Textual Amendments**

**F565** Words in Sch. 14 para. 12(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(8)** (with Sch. 12)

**F566** Words in Sch. 14 para. 12(5)(b) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), **Sch. 3 para. 7(4)(c)** (with reg. 5(1))

**Commencement Information**

**I113** Sch. 14 para. 12 wholly in force; Sch. 14 para. 12 not in force at Royal Assent see s. 126(2); Sch. 14 para. 12 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 12 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

*Rights of resigning auditors*

- 13 (1) This paragraph applies where an auditor's notice of resignation is accompanied by a statement of circumstances which he considers should be brought to the attention of members or creditors of the society or branch.
- (2) He may deposit with the notice a signed requisition calling on the committee of management of the society or branch forthwith duly to convene an extraordinary general meeting of the society or branch for the purpose of receiving and considering such explanation of the circumstances connected with his resignation as he may wish to place before the meeting.
- (3) The society or branch shall, at the request of the auditor (unless the statement is received too late to comply)—
- (a) in any notice of the meeting convened on his requisition or of any general meeting at which his term of office would otherwise have expired or at which it is proposed to fill the vacancy caused by his resignation, state the fact that the statement has been made;
  - (b) include in or with that notice a copy of a statement in writing by him (not exceeding a reasonable length) of the circumstances connected with his resignation; and
  - (c) make copies of the statement available to members at any such meeting.
- (4) If the committee of management does not within 21 days from the date of the deposit of a requisition under this paragraph proceed duly to convene a meeting for a day not

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more than 28 days after the date on which the notice convening the meeting is given, every member of the committee who failed to take all reasonable steps to secure that a meeting was convened as mentioned above is guilty of an offence and liable—

- (a) on conviction on indictment, to a fine; and
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

- (5) If notice of the statement mentioned above is not given as required because received too late or because of the default of the society or branch, the auditor may (without prejudice to his right to be heard orally) require that the statement be read out at the meeting in question.
- (6) The steps required by sub-paragraphs (3) and (5) above need not be taken if, on the application of the society or branch or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this paragraph are being abused to secure needless publicity for defamatory matter; and the court may order the costs of the society or branch on such an application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.
- (7) An auditor who has resigned has, notwithstanding his resignation, the rights conferred by section 75 above in relation to any such general meeting of the society or branch as is mentioned in sub-paragraph (3) above; and in such a case, the references in that section to matters concerning the auditors as auditors shall be construed as references to matters concerning him as a former auditor.

#### **Commencement Information**

**II14** Sch. 14 para. 13 wholly in force; Sch. 14 para. 13 not in force at Royal Assent see s. 126(2); Sch. 14 para. 13 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 14 para. 13 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### *Statement by person ceasing to hold office*

- 14 (1) Where an auditor of a friendly society or registered branch ceases for any reason to hold office, he shall deposit at the registered office of the society or branch concerned—
  - (a) a statement of any circumstances connected with his ceasing to hold office which he considers should be brought to the attention of the members or creditors of the society or branch; or
  - (b) if he considers that there are no such circumstances, a statement that there are none.
- (2) In a case falling within sub-paragraph (1)(a) above it shall also be the duty of the auditor, unless he receives notice of an application under sub-paragraph (4) below before the end of the period of 21 days beginning with the day on which he deposited the statement, to send the [F567FCA and the PRA] a copy within a further 7 days.
- (3) In the case of resignation, the statement shall be deposited along with the notice of resignation; in the case of failure to seek re-appointment, the statement shall be deposited not less than 14 days before the end of the time allowed for next appointing auditors; in any other case, the statement shall be deposited not later than the end of the period of 14 days beginning with the date on which he ceases to hold office.

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- (4) If the statement is of circumstances which the auditor considers should be brought to the attention of the members or creditors of the society or branch, the society shall within 14 days of the deposit of the statement either—
- (a) send a copy of it to every member who is, when the statement is deposited, entitled to vote at a meeting of the society or branch; or
  - (b) apply to the court.
- (5) The society or branch shall if it applies to the court notify the auditor of the application.
- (6) If the court is satisfied that the auditor is using the statement to secure needless publicity for defamatory matter—
- (a) it shall direct that copies of the statement need not be sent out; and
  - (b) it may further order the costs of the society or branch on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application;
- and the society or branch shall within 14 days of the court's decision send to the persons mentioned in sub-paragraph (4)(a) above a statement setting out the effect of the order.
- (7) If the court is not so satisfied, the society or branch shall within 14 days of the court's decision—
- (a) send copies of the statement to the persons mentioned in sub-paragraph (4)(a) above; and
  - (b) notify the auditor of the court's decision;
- and the auditor shall within 7 days of receiving such notice send a copy of the statement to the [<sup>F568</sup>FCA and the PRA].
- [<sup>F569</sup>(8) A society is to be regarded as sending a person a copy of the statement for the purposes of sub-paragraph (4)(a) or (7)(a) if it makes the information available to the person on a website; and the end date for the purposes of section 119AB(4)(b) is the day falling 28 days after the later of the two dates referred to in section 119AB(4)(a).]

#### Textual Amendments

- F567** Words in Sch. 14 para. 14(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(9)** (with Sch. 12)
- F568** Words in Sch. 14 para. 14(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(9)** (with Sch. 12)
- F569** Sch. 14 para. 14(8) inserted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), **16**

#### Commencement Information

- I115** Sch. 14 para. 14 wholly in force; Sch. 14 para. 14 not in force at Royal Assent see s. 126(2); Sch. 14 para. 14 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 14 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### *Offences of failing to comply with paragraph 14*

- 15 (1) If a person ceasing to hold office as auditor fails to comply with paragraph 14 above, he is guilty of an offence and liable—

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- (a) on conviction on indictment, to a fine; and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (2) If a society or branch makes default in complying with paragraph 14 above, it is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine, and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum and in the case of a continuing offence, to an additional fine not exceeding [<sup>F570</sup>one-tenth of the statutory maximum][<sup>F570</sup>one-tenth of the greater of £5,000 or the amount corresponding to level 4 on the standard scale for summary offences] for every day during which the offence continues.

#### Textual Amendments

**F570** Words in Sch. 14 para. 15(2)(b) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), Sch. 3 para. 7(4)(d) (with reg. 5(1))

#### Commencement Information

**I116** Sch. 14 para. 15 wholly in force; Sch. 14 para. 15 not in force at Royal Assent see s. 126(2); Sch. 14 para. 15 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 14 para. 15 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

### *[<sup>F571</sup>Duty of auditor to notify appropriate audit authority*

#### Textual Amendments

**F571** Sch. 14 paras. 15A-15C and cross-headings inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), 6(2)

- 15A. (1) Where an auditor of a friendly society or registered branch ceases for any reason to hold office, he must notify the appropriate audit authority.
- (2) The notice must—
- (a) inform the appropriate audit authority that he has ceased to hold office, and
  - (b) be accompanied by a copy of the statement deposited by him at the registered office of the society or branch in accordance with paragraph 14.
- (3) If the statement so deposited is to the effect that he considers that there are no circumstances in connection with his ceasing to hold office that need to be brought to the attention of the members or creditors of the society or branch, the notice must also be accompanied by a statement of the reasons for his ceasing to hold office.
- (4) The auditor must comply with this paragraph at the same time as he deposits a statement at the registered office of the society or branch in accordance with paragraph 14.
- (5) If a person ceasing to hold office as auditor fails to comply with this paragraph, he is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine, and

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- (b) on summary conviction, to a fine not exceeding the statutory maximum.

*Duty of friendly society or registered branch to notify appropriate audit authority*

- 15B. (1) Where an auditor of a friendly society or registered branch ceases to hold office before the end of his term of office, the society or branch must notify the appropriate audit authority.
- (2) The notice must—
- (a) inform the appropriate audit authority that the auditor has ceased to hold office, and
  - (b) be accompanied by—
    - (i) a statement by the society or branch of the reasons for his ceasing to hold office, or
    - (ii) if the copy of the statement deposited by the auditor at the registered office of the society or branch in accordance with paragraph 14(1) contains a statement of circumstances connected with his ceasing to hold office which he considers should be brought to the attention of the members or creditors of the society or branch, a copy of that statement.
- (3) The society or branch must give notice under this paragraph—
- (a) if the auditor resigns, not later than the end of the period of 14 days beginning with the date on which the auditor’s notice of resignation is deposited at the society’s or branch’s registered office;
  - (b) in any other case, not later than the end of the period of 14 days beginning with the date on which the auditor ceases to hold office.
- (4) If a friendly society or registered branch fails to comply with this paragraph, it is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine, and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

*Meaning of “appropriate audit authority”*

- 15C. In paragraphs 15A and 15B above “appropriate audit authority” means—
- (a) the Secretary of State, or
  - (b) if the Secretary of State has delegated functions under section 1252 of the Companies Act 2006 to a body whose functions include receiving the equivalent notice under section 522 or 523 of that Act, that body.]

*Remuneration of auditors*

- 16 (1) The remuneration of [<sup>F572</sup>auditor] appointed by a friendly society or registered branch in general meeting shall be fixed by the society or branch in general meeting or in such manner as the society or branch in general meeting may determine.
- (2) The remuneration of [<sup>F573</sup>auditor] appointed by the committee of management or the [<sup>F574</sup>appropriate authority] shall be fixed by the committee of management or the [<sup>F574</sup>appropriate authority] as the case may be.

<sup>F575</sup>(3) .....

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(4) For the purposes of this paragraph “remuneration” includes sums paid in respect of expenses.

(5) This paragraph applies in relation to benefits in kind as to payments in cash <sup>F576</sup>....

<sup>F577</sup>(6) .....

#### **Textual Amendments**

- F572** Word in Sch. 14 para. 16(1) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 5(c)**
- F573** Word in Sch. 14 para. 16(2) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), art. 1(2), **Sch. 2 para. 5(c)**
- F574** Words in Sch. 14 para. 16(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(10)** (with Sch. 12)
- F575** Sch. 14 para. 16(3) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), **4(4)(a)(i)**
- F576** Words in Sch. 14 para. 16(5) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), **4(4)(a)(ii)**
- F577** Sch. 14 para. 16(6) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), **4(4)(a)(i)**

#### **Commencement Information**

- I117** Sch. 14 para. 16 wholly in force; Sch. 14 para. 16 not in force at Royal Assent see s. 126(2); Sch. 14 para. 16 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 16 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

#### *Remuneration of auditors or their associates for non-audit work*

<sup>F578</sup>17 .....

#### **Textual Amendments**

- F578** Sch. 14 para. 17 omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), **4(4)(b)**

*Status: Point in time view as at 29/06/2017.*

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<sup>F579</sup>SCHEDULE 14A

Section 72(3)

APPOINTMENT AND REMOVAL OF AUDITORS:  
SOCIETIES TO WHICH AUDIT DIRECTIVE APPLIES

**Textual Amendments**

**F579** Sch. 14A inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **11**

*Introductory*

1. (1) This Schedule makes provision in relation to the appointment and removal of the auditor or auditors of a friendly society to which the Audit Directive applies.
- (2) For the purposes of this Schedule, a person is auditor of a friendly society in respect of a financial year if the person is required to report on the accounts of that society for that financial year.

*Appointment of auditor for society which has an audit committee*

2. (1) This paragraph applies to the appointment under section 72 of an auditor or auditors if the society has an audit committee.
- (2) Before an appointment is made—
  - (a) the audit committee of the society must make a recommendation to the committee of management in connection with the appointment, and
  - (b) the committee of management must propose an auditor or auditors for appointment.
- (3) Before the audit committee makes a recommendation or the committee of management makes a proposal under sub-paragraph (2), the audit committee must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation.
- (4) The audit committee must in its recommendation—
  - (a) identify its first and second choice candidates for appointment, drawn from those auditors who have participated in a selection procedure under sub-paragraph (3),
  - (b) give reasons for the choices so identified,
  - (c) state that—
    - (i) the recommendation is free from influence by a third party, and
    - (ii) no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the friendly society.
- (5) The committee of management must include in its proposal—
  - (a) the recommendation made by the audit committee in connection with the appointment, and
  - (b) if the proposal of the committee of management departs from the preference of the audit committee—



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- (i) a recommendation for a candidate or candidates for appointment drawn from those auditors who have participated in a selection procedure under sub-paragraph (3), and
  - (ii) the reasons for not following the audit committee's recommendation.
- (6) Where the audit committee recommends re-appointment of the society's existing auditor or auditors, and the committee of management is in agreement, sub-paragraphs (3) and (4)(a) and (b) do not apply.

*Appointment of auditor for society which does not have an audit committee*

3. (1) This paragraph applies to the appointment under section 72 of an auditor or auditors if the society does not have an audit committee.
- (2) Before the appointment is made, the committee of management must propose an auditor or auditors for appointment.
- (3) Before the committee of management makes a proposal under sub-paragraph (2), it must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation, from which their proposed auditor or auditors must be drawn.
- (4) Sub-paragraph (3) does not apply in relation to a proposal to re-appoint the society's existing auditor or auditors.

*Restriction on appointment of auditor who holds office for maximum engagement period*

4. (1) A person who has been, or will have been, auditor of the society in respect of every financial year comprised in the maximum engagement period may not be appointed as auditor of the society in respect of any financial year which begins within the period of 4 years beginning with the day after the last day of the last financial year of the maximum engagement period.
- (2) A person who is a member of the same network as the auditor mentioned in sub-paragraph (1) may not be appointed as auditor of the society in respect of any financial year which begins within the period of 4 years mentioned in that sub-paragraph.
- (3) In this paragraph "network" means an association of persons, other than a firm, co-operating in audit work by way of—
- (a) profit-sharing;
  - (b) cost-sharing;
  - (c) common ownership, control or management;
  - (d) common quality control policies and procedures;
  - (e) common business strategy; or
  - (f) use of a common name.

*The maximum engagement period*

5. (1) Where a person is auditor of the society in respect of consecutive financial years, the maximum engagement period of the person as auditor of the society—
- (a) begins with the first of those years (see the appropriate entry in the first column of the following Table), and

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- (b) ends with the financial year specified in the corresponding entry in the second column of the Table:

<b>First financial year of the maximum engagement period</b>	<b>Last financial year of the maximum engagement period</b>
A financial year of the society beginning before 17 June 1994	The last financial year of the society to begin before 17 June 2020.
A financial year of the society beginning— (a) on or after 17 June 1994, and (b) before 17 June 2003	The last financial year of the society to begin before 17 June 2023.
A financial year of the society beginning— (a) on or after 17 June 2003, and (b) before 17 June 2016	<p><i>No qualifying selection procedure</i> Where neither the first financial year of the maximum engagement period nor any subsequent financial year is one in respect of which the auditor has been appointed following the carrying out of a qualifying selection procedure, the later of— (a) the last financial year of the society to begin before 17 June 2016, and (b) the last financial year of the society to begin within the period of 10 years beginning with the first day of the first financial year of the maximum engagement period.</p> <p><i>No qualifying selection procedure within 10 years</i> Where the last day of the last financial year of the society to begin within the period of 10 years beginning with the first day of the last financial year of the society in respect of which the auditor was appointed following a qualifying selection procedure is before 17 June 2016— (a) the last financial year of the society to begin before 17 June 2016, unless (b) the auditor is appointed following a qualifying selection procedure for the first financial year of the society to begin on or after 17 June 2016, in which case it is the last financial year of the society to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p> <p><i>Qualifying selection procedure within 10 years</i> In any other case, the earlier of-</p>

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<b>First financial year of the maximum engagement period</b>	<b>Last financial year of the maximum engagement period</b>
<p>A financial year of the society beginning on or after 17 June 2016</p>	<p>(a) the last financial year of the society to begin within the period of 10 years beginning with the first day of the last financial year of the society in respect of which the auditor was appointed following a qualifying selection procedure, and            (b) the last financial year of the society to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p>
<p>The earlier of—</p> <p>(a) the last financial year of the society to begin within the period of 10 years beginning with the first day of the last financial year of the society in respect of which the auditor was appointed following a qualifying selection procedure, and            (b) the last financial year of the society to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p>	
<p>(2) Where the first financial year of the maximum engagement period begins on or after 17 June 2003, the maximum engagement period may be extended by a period of no more than 2 years with the approval of the competent authority.</p>	
<p>(3) Such approval may be given by the competent authority only if it is satisfied that exceptional circumstances exist.</p>	
<p>(4) Where the competent authority gives its approval as mentioned in sub-paragraph (2)</p>	
<p>(a) the second column of the Table in sub-paragraph (1) has effect with the necessary modifications, and</p> <p>(b) the first appointment to be made after the end of the period as so extended must be made following a qualifying selection procedure.</p>	
<p>(5) In this paragraph “qualifying selection procedure” means—</p> <p>(a) in the case of an appointment in respect of a financial year beginning on or after 17 June 2016 made after this Schedule comes into force—</p> <p>(i) if the society has an audit committee, a selection procedure that complies with the requirements of paragraphs 2(3) and (4)(a) and (b), and</p> <p>(ii) if the society does not have an audit committee, a selection procedure that complies with the requirements of Article 16(3) of the Audit Regulation;</p>	

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- (b) in any other case, a selection procedure that substantially meets the requirements of Article 16(2) to (5) of the Audit Regulation, having regard to the circumstances at the time (including whether the society had an audit committee).

*Application to court to remove auditor from office*

6. (1) The competent authority may apply to the High Court for an order removing an auditor of the society from office if the authority considers that there are proper grounds for removing the auditor from office.
- (2) The members of the society may apply to the High Court for an order removing an auditor of the society from office if the applicant or applicants consider that there are proper grounds for removing the auditor from office.
- (3) If the court is satisfied, on hearing an application under sub-paragraph (1), that there are proper grounds for removing the auditor from office, it may make an order removing the auditor from office.
- (4) If the court is satisfied, on hearing an application under sub-paragraph (2), that—
- (a) the applicants represent in total—
- (i) not less than 5% of the voting rights of all the members having a right to vote at a general meeting of the friendly society, or
- (ii) not less than 5% in nominal value of the amount of the contribution or subscription income of a friendly society as shown by the latest balance sheet, and
- (b) there are proper grounds for removing the auditor from office, the court may make an order removing the auditor from office.
- (5) For the purposes of this paragraph, divergence of opinions on accounting treatments or audit procedures are not to be taken to be proper grounds for removing an auditor from office.

*Interpretation*

7. In this Schedule—
- “audit committee” means a body which performs—
- (a) the functions referred to in Article 39(6) of [Directive 2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives [78//60/EEC](#) and [83/349/EEC](#) and repealing Council [Directive 84/253/EEC](#), or
- (b) equivalent functions;
- “Audit Regulation” means Regulation 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public interest entities and repealing Commission Decision [2005/909/EEC](#);
- “competent authority” means the Financial Reporting Council Limited.]

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## SCHEDULE 15

Section 85.

### AMALGAMATIONS, TRANSFERS OF ENGAGEMENTS AND CONVERSION: SUPPLEMENTARY

#### Modifications etc. (not altering text)

**C30** Sch. 15: power to modify conferred (16.1.2009) by [Building Societies \(Funding\) and Mutual Societies \(Transfers\) Act 2007 \(c. 26\)](#), **ss. 3, 6(2)**; S.I. 2009/36, art. 2

## PART I

### PROVISION OF INFORMATION TO MEMBERS

#### *Statements relating to amalgamations and transfers*

- 1 (1) A friendly society which desires—
- (a) to amalgamate under section 85 above; or
  - (b) to transfer its engagements to any person, or to undertake to fulfil the engagements of another friendly society, under section 86 above;
- shall, subject to sub-paragraph (2) below, send a statement concerning the matters specified in paragraph 2 below to every member entitled (when the statements are sent) to vote on any resolution required by section 85, 86 or 90.
- (2) Sub-paragraph (1) above does not apply, in the case of a friendly society desirous of undertaking to fulfil another society's engagements, where the [<sup>F580</sup>appropriate authority] has consented under section 86(3)(b) or 90(2)(b) above to its proceeding by resolution of the committee of management.
- (3) The statement referred to in sub-paragraph (1) above shall be sent so as to arrive no later than 14 days (or such longer period as the rules may require for notice of any resolution required by section 85, 86 or 90 above) before—
- (a) the meeting at which any such resolution is to be moved; or
  - (b) where proxy voting is permitted, such earlier date as may be specified by the society, under its rules, as the final date for the receipt of [<sup>F581</sup>appointments of proxies] to vote at the meeting.
- (4) If it appears to the [<sup>F580</sup>appropriate authority] that it is impractical to include the summary mentioned in paragraph 2(1)(d) below in the statement referred to in sub-paragraph (1) above, the [<sup>F580</sup>appropriate authority] may direct that the summary shall be sent separately from that statement within such period as the [<sup>F580</sup>appropriate authority] may specify in the direction.

#### Textual Amendments

**F580** Words in Sch. 15 para. 1 substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 56(2)** (with Sch. 12)

**F581** Words in Sch. 15 para. 1(3)(b) substituted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), **21(1)(c)**

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- 2 (1) The matters of which a statement required by paragraph 1 above is to give particulars are the following, namely—
- (a) the financial position of the society and that of every other society or person participating in the amalgamation or transfer;
  - (b) any interest of the members of the committee of management of the society in the amalgamation or transfer;
  - (c) the compensation or other consideration (if any) proposed to be paid to or in respect of—
    - (i) the members of the committee of management or other officers of the society; and
    - (ii) the officers of every other society or person participating in the amalgamation or transfer;
  - (d) in the case of a transfer, a summary of any actuary's report which the society is directed to furnish to the [<sup>F582</sup>appropriate authority] under section 88 above; and
  - (e) any other matter which the [<sup>F582</sup>appropriate authority] requires in the case of the particular amalgamation or transfer.
- (2) No statement shall be sent unless its contents, so far as they concern the matters specified in this paragraph, have been approved by the [<sup>F582</sup>appropriate authority].
- [<sup>F583</sup>(3) The PRA must consult the FCA before approving a statement under sub-paragraph (2).]

#### Textual Amendments

**F582** Words in Sch. 15 para. 2 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(2) (with Sch. 12)

**F583** Sch. 15 para. 2(3) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(3) (with Sch. 12)

#### *Statements relating to conversion of society into company*

- 3 (1) A friendly society which desires to convert into a company under section 91 above shall send a statement concerning—
- (a) such matters as may be prescribed in regulations made by the <sup>F584</sup> . . . Treasury; and
  - (b) such other matters as may be required by the [<sup>F585</sup>appropriate authority] in the case of the particular conversion;
- to every member entitled (when the statements are sent) to vote on any resolution required by subsection (2) of that section.
- (2) Regulations under sub-paragraph (1) above may include among the prescribed matters any alternatives to a proposed conversion which may be available.

#### Textual Amendments

**F584** Words in Sch. 15 para. 3(1)(a) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

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**F585** Words in Sch. 15 para. 3 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(2) (with Sch. 12)

**Modifications etc. (not altering text)**

**C31** Sch. 15 para. 3(1)(a): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), Sch. 1 Pt. II (with art. 5); S.I. 2001/3538, art. 2(1)

- 4 The statement referred to in paragraph 3 above shall be sent so as to arrive no later than 14 days (or such longer period as the rules may require for notice of any resolution required by section 91 above) before—
- (a) the meeting at which any such resolution is to be moved; or
  - (b) where proxy voting is permitted, such earlier date as may be specified by the society, under its rules, as the final date for the receipt of [<sup>F586</sup>appointments of proxies] to vote at the meeting;
- but no such statement may be sent unless its contents, so far as they concern the matters mentioned in that paragraph, have been approved by the [<sup>F587</sup>appropriate authority].

**Textual Amendments**

**F586** Words in Sch. 15 para. 4(b) substituted (12.4.2011) by The Mutual Societies (Electronic Communications) Order 2011 (S.I. 2011/593), arts. 1(1), 21(1)(d)

**F587** Words in Sch. 15 para. 4 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(2) (with Sch. 12)

[<sup>F588</sup>4ZA. The PRA must consult the FCA before approving a statement under paragraph 4.]

**Textual Amendments**

**F588** Sch. 15 para. 4ZA inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(4) (with Sch. 12)

- [<sup>F589</sup>4A(1) A society is to be regarded as sending a member—
- (a) the statement required by paragraph 1; or
  - (b) the statement required by paragraph 3,
- if it makes the statement available to the member on a website; and the end date for the purposes of section 119AB(4)(b) is the day falling 28 days after the later of the two dates referred to in section 119AB(4)(a).
- (2) If the statement is absent from a website for part of the period referred to in section 119AB(4), and the absence is disregarded for the purposes of section 119AB(5), that absence does not invalidate—
- (a) the proceedings of a meeting of the society,
  - (b) a subsequent amalgamation of the society,
  - (c) a transfer of engagements by or to the society, or
  - (d) a conversion of the society into a company.]



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### Textual Amendments

**F589** Sch. 15 para. 4A inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), 17

## PART II

### CONFIRMATION BY [F590 APPROPRIATE AUTHORITY]

### Textual Amendments

**F590** Words in Sch. 15 Pt. 2 heading substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 56\(5\)](#) (with Sch. 12)

#### *Applications for confirmation*

- 5 (1) An application by a friendly society for confirmation by the [F591 appropriate authority]—
- of an amalgamation under section 85 above,
  - of a transfer of engagements of a friendly society under section 86 above, or
  - of the conversion of a friendly society into a company under section 91 above,
- shall be made in such manner as [F592 the [F591 appropriate authority] may direct].
- (2) An application for confirmation of an amalgamation shall be made jointly by the friendly societies concerned.
- [F593 (3) The [F594 appropriate authority] may, on the application or with the consent of a friendly society, direct in relation to any provision of regulations made for the purposes of sub-paragraph (1) above that the provisions shall not apply to the society, or shall apply to it with such modifications as may be specified in the direction.
- F593 (4) A direction under sub-paragraph (3) above may be subject to conditions.
- F593 (5) A direction under sub-paragraph (3) above may be revoked by the [F595 appropriate authority] at any time; and the [F595 appropriate authority] may at any time vary any such direction on the application or with the consent of the society to which it applies.
- [ The PRA must send the FCA a copy of any direction, variation or revocation it makes F596 (5A) under this paragraph.]
- F593 (6) Where the [F597 appropriate authority]—
- makes a direction under subsection (3) above, or
  - revokes or varies such a direction,
- [F598 the FCA must] cause the direction, variation or revocation to be entered on a register kept by it for the purposes of this subsection.
- F593 (7) The register kept for the purposes of subsection (6) above shall be available for inspection on reasonable notice by members of the public.

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- <sup>F593</sup>(8) The [<sup>F599</sup>[<sup>F600</sup>FCA] shall keep] a copy of—
- (a) any direction made <sup>F601</sup>... under subsection (3) above, and
  - (b) any revocation or variation of any such direction,  
<sup>F602</sup> . . . in the public file of the society to which it relates.]

#### Textual Amendments

- F591** Words in Sch. 15 para. 5(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(a)** (with Sch. 12)
- F592** Words in Sch. 15 para. 5(1) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 128(e)(ii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F593** Sch. 15 para. 5(3)-(8) inserted (1.8.1996) by S.I. 1996/1188, **art. 8**
- F594** Words in Sch. 15 para. 5(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(a)** (with Sch. 12)
- F595** Words in Sch. 15 para. 5(5) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(a)** (with Sch. 12)
- F596** Sch. 15 para. 5(5A) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(b)** (with Sch. 12)
- F597** Words in Sch. 15 para. 5(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(c)(i)** (with Sch. 12)
- F598** Words in Sch. 15 para. 5(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(c)(ii)** (with Sch. 12)
- F599** Words in Sch. 15 para. 5(8) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 128(g)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F600** Word in Sch. 15 para. 5(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(d)(i)** (with Sch. 12)
- F601** Words in Sch. 15 para. 5(8) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(6)(d)(ii)** (with Sch. 12)
- F602** Words in Sch. 15 para. 5(8) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

- 6 (1) Where a friendly society applies for confirmation of an amalgamation, transfer or conversion, it shall publish a notice of the application—
- (a) in one or more of the London Gazette, the Edinburgh Gazette or the Belfast Gazette, as the Commission directs, and,
  - (b) if it so directs, in one or more newspapers.

<sup>F603</sup>(1A) Where an application for confirmation of a transfer is made by a friendly society to which section 37(2) or (3) above applies and <sup>F604</sup> . . . -

<sup>F605</sup> . . . as regards any policy included in the proposed transfer, [<sup>F606</sup>an EEA State] other than the United Kingdom is the State in which the risk or commitment is situated;  
<sup>F605</sup> . . .

- <sup>F607</sup>(b) . . . the society shall also; if the [<sup>F608</sup>appropriate authority] so directs publish the notice in two national newspapers in that State.]

- (2) The notice shall—

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- (a) state that any interested party has the right to make representations to the [F608 appropriate authority] with respect to the application;
  - (b) specify a date determined by the [F608 appropriate authority] before which any written representations or notice of a person's intention to make oral representation must be received by the [F608 appropriate authority]; and
  - (c) specify a date determined by the [F608 appropriate authority] as the day on which it intends to hear any oral representations.
- (3) Where a friendly society participating in a transfer is required under section 88 above to furnish an actuary's report, the society shall publish a notice in the manner required by sub-paragraph (1) above—
- (a) stating that such a report has been obtained;
  - [F609](b) stating—
    - (i) the addresses of the offices of the society, and
    - (ii) where the society is directed in accordance with sub-paragraph (1A) above to publish a notice of the application in two national newspapers in a State other than the United Kingdom, the address of such place in that State as the [F608 appropriate authority] directs,
- at which copies of the report shall be available for inspection for a period of not less than 21 days beginning with the date of the first publication of the notice; and]
- (c) containing such particulars of any other matter relating to the report which the [F608 appropriate authority] requires in the case of the transfer in question;
- and such a society may include the notice required by this sub-paragraph in the notice required by sub-paragraph (1) above.

#### Textual Amendments

- F603** Sch. 15 para.6(1A) inserted (1.9.1994) by S.I. 1994/1984, reg. 25, Sch. 4 para. 1(1)
- F604** Word in Sch. 15 Pt. II para. 6(1A) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, Sch.
- F605** Words in Sch. 15 Pt. II para. 6(1A)(a) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, Sch.
- F606** Words in Sch. 15 Pt. II para. 6 substituted (1.1.1998) by S.I. 1997/2849, reg. 3
- F607** Sch. 15 Pt. II para. 6(1A)(b) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, Sch
- F608** Words in Sch. 15 para. 6 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(7) (with Sch. 12)
- F609** Sch. 15 para. 6(3)(b) substituted (1.9.1994) by S.I. 1994/1984, reg. 25, Sch. 4 para. 1(2)

- 7 After the date specified in the notice in pursuance of paragraph 6(2)(b) above, the [F610 appropriate authority] shall—
- (a) determine the time and place at which oral representations may be made;
  - (b) give notice of that determination to the friendly society applying for confirmation and to any persons who have give notice of their intention to make oral representations; and
  - (c) send copies of any written representations received by the [F610 appropriate authority] to that society;
- and the [F610 appropriate authority] shall allow that society an opportunity to comment on the written representations (whether at a hearing or in writing) before the expiration of such period as the [F610 appropriate authority] specifies in a notice to the society.

*Status: Point in time view as at 29/06/2017.*

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#### Textual Amendments

**F610** Words in Sch. 15 para. 7 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(7) (with Sch. 12)

*Confirmation by [F611 appropriate authority]: General*

#### Textual Amendments

**F611** Words in Sch. 15 para. 8 cross-heading substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(8) (with Sch. 12)

- 8 (1) Where an application is duly made for confirmation by the [F612 appropriate authority] of an amalgamation, transfer of engagements or conversion, the [F612 appropriate authority] shall confirm the amalgamation, transfer or conversion unless it is precluded from doing so by any of the following provisions of this Schedule.
- (2) If it appears to the [F612 appropriate authority], in relation to any amalgamation or transfer of engagements, that there is a substantial risk that the successor society or the person taking the transfer will not be able lawfully to carry out the engagements to be transferred to it under section 85(4) or 86(5) above, the [F612 appropriate authority]—
- (a) shall not confirm the amalgamation or transfer; and
  - (b) where it has confirmed the amalgamation or transfer, shall F613 . . . withdraw its confirmation;
- but it may not withdraw its confirmation on or after the transfer date for the amalgamation or transfer.
- (3) For the purposes of sub-paragraph (2) above, the [F612 appropriate authority] may have regard to any requirements of the law of a country or territory outside the United Kingdom which appear to the [F612 appropriate authority] to be relevant.

#### Textual Amendments

**F612** Words in Sch. 15 paras. 8-10 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(9) (with Sch. 12)

**F613** Words in Sch. 15 para. 8(2)(b) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

- 9 (1) Subject to sub-paragraph (3) below, the [F612 appropriate authority] shall not confirm an amalgamation or transfer if it considers that—
- (a) some information material to the members' decision (including any decision on an affected members' resolution under section 86 above) about the amalgamation or transfer was not made available to all the members eligible to vote;
  - (b) the vote on any resolution approving the amalgamation or transfer does not represent the views of the members eligible to vote; or

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- (c) some relevant requirement of this Act or the rules of any friendly society participating in the amalgamation or transfer was not fulfilled or not fulfilled as regards that society.
- (2) Subject to sub-paragraph (3) below, the [<sup>F612</sup>appropriate authority] shall not confirm the conversion of a society if it considers that—
  - (a) some information material to the members’ decision about the conversion was not made available to all the members eligible to vote;
  - (b) the vote on any resolution approving the conversion does not represent the views of the members eligible to vote;
  - <sup>F614</sup>(c) .....
  - (d) some relevant requirement of this Act or the rules of the society was not fulfilled.
- (3) The [<sup>F612</sup>appropriate authority] shall not be precluded from confirming an amalgamation, transfer or conversion by virtue only of the non-fulfilment of some relevant requirement of this Act or the rules of a friendly society if it appears to the [<sup>F612</sup>appropriate authority] that it could not have been material to the members’ decision about the amalgamation, transfer or conversion and the [<sup>F612</sup>appropriate authority] gives a direction that the failure is to be disregarded for the purposes of this paragraph.

**Textual Amendments**

- F612** Words in Sch. 15 paras. 8-10 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(9) (with Sch. 12)
- F614** Sch. 15 para. 9(2)(c) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

- 10 (1) Where the [<sup>F612</sup>appropriate authority] would be precluded—
  - (a) from confirming an amalgamation or transfer by reason of any of the defects specified in paragraph 9(1) above, or
  - (b) from confirming a conversion by reason of any of the defects specified in paragraph 9(2) above, [<sup>F615</sup>or
  - (c) from confirming a conversion by reason of paragraph 11 below,]

it may give to any friendly society participating in the amalgamation or transfer or, as the case may be, to the society proposing to convert a direction under sub-paragraph (2) below.

- (2) A direction under this sub-paragraph is a direction requiring a friendly society—
  - (a) to take such steps to remedy the defect or defects, including the calling of a further meeting, [<sup>F616</sup>or (as the case may be) to remove the risk referred to in paragraph 11 below,] as are specified in the direction; and
  - (b) to furnish the [<sup>F612</sup>appropriate authority] with evidence that those steps have been taken;

and if the [<sup>F612</sup>appropriate authority] is satisfied that the steps have been taken and the defect or defects has or have been substantially remedied, [<sup>F617</sup>or (as the case may be) that the risk has been removed,] the [<sup>F612</sup>appropriate authority] shall confirm the amalgamation, transfer or conversion.

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#### Textual Amendments

- F612** Words in Sch. 15 paras. 8-10 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(9)** (with Sch. 12)
- F615** Sch. 15 para. 10(1)(c) and the word “or” immediately preceding inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 128(k)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F616** Words in Sch. 15 para. 10(2)(a) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 128(l)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F617** Words in Sch. 15 para. 10(2) inserted (17.8.2001 or specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 128(l)(ii)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

F618 . . .

#### Textual Amendments

- F618** Cross-heading repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

- [<sup>F619</sup>11 The [<sup>F620</sup>appropriate authority] shall not confirm an amalgamation, transfer of engagements or conversion unless it is satisfied that there is no substantial risk that the successor society, the proposed transferee, or the company into which the society is converted, will not have—
- (a) such permission (if any) under [<sup>F621</sup>Part 4A] of the Financial Services and Markets Act 2000, or
  - (b) such permission (if any) under paragraph 15 of Schedule 3 to that Act (as a result of qualifying for authorisation under paragraph 12 of that Schedule),
- as will enable it to carry on the business which it will have as a result of the amalgamation, transfer or conversion without contravening section 19 of that Act (the general prohibition).]

#### Textual Amendments

- F619** Sch. 15 para. 11 substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 128(n)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F620** Words in Sch. 15 para. 11 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(10)(a)** (with Sch. 12)
- F621** Words in Sch. 15 para. 11 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(10)(b)** (with Sch. 12)

- [<sup>F622</sup>11(1) The PRA must consult the FCA before confirming an amalgamation, transfer of engagements or a conversion.

- (2) The PRA must notify the FCA if it makes any such confirmation.]



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#### Textual Amendments

**F622** Sch. 15 para. 11A inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(11)** (with Sch. 12)

#### *Confirmation of transfers of engagements*

- 12 The [<sup>F623</sup>appropriate authority] shall not confirm a transfer unless it is satisfied—
- (a) that all the engagements included in the transfer may be transferred under section 86 above to the transferee;
  - (b) that the transfer is in the interests of the members of each friendly society participating in the transfer; and
  - (c) where the transfer is not of all the engagements of the transferor, that the purposes of each friendly society participating in the transfer will, after the transfer, continue to include the carrying on of one or more activities falling within Schedule 2 to this Act.

#### Textual Amendments

**F623** Words in Sch. 15 para. 12 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(12)** (with Sch. 12)

[<sup>F624</sup>13

- (1) The [<sup>F625</sup>appropriate authority] shall not confirm a transfer in any case where the transferee is required by section 87 above to furnish the [<sup>F625</sup>appropriate authority] with a report unless it is satisfied (after taking the proposed transfer into account) either that the transferee will possess the margin of solvency required by rules made by the [<sup>F626</sup>appropriate authority under Part 9A] of the Financial Services and Markets Act 2000 or, where no margin of solvency is required by such rules, that the value of the transferee's assets will exceed its liabilities.
- (2) The [<sup>F625</sup>appropriate authority] shall not confirm a transfer of any engagements the fulfilment of which will constitute effecting or carrying out contracts of insurance in the United Kingdom unless it is satisfied (after taking the proposed transfer into account) either that the transferee will possess the margin of solvency required by rules made by the [<sup>F626</sup>appropriate authority under Part 9A] of the Financial Services and Markets Act 2000 or, where no margin of solvency is required by such rules, that the value of the transferee's assets will exceed its liabilities.
- (3) This paragraph does not apply to any transfer of engagements to which paragraph 15 or 15A below applies.
- (4) The reference in sub-paragraph (2) to effecting or carrying out contracts of insurance must be read with—
  - (a) section 22 of the Financial Services and Markets Act 2000;
  - (b) any relevant order under that section; and
  - (c) Schedule 2 to that Act.]



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#### Textual Amendments

- F624** Sch. 13 para. 15 substituted (1.12.2001) by S.I. 2001/3649, arts. 1, 206(1)
- F625** Words in Sch. 15 para. 13 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(13)(a) (with Sch. 12)
- F626** Words in Sch. 15 para. 13 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(13)(b) (with Sch. 12)

#### Textual Amendments

- F627** Sch. 15 para. 14 omitted (17.8.2001 for specified purposes and otherwise *prosp.*) by virtue of S.I. 2001/2617, arts. 2(a), 8(1), 13(1), Sch. 3 para. 128(r) (with art. 13(3), Sch. 5) and is repealed (*prosp.*) by S.I. 2001/3538, art. 2(1)

[<sup>F628</sup>15(1) This paragraph applies to any transfer of engagements (other than contracts of reinsurance) where—

- (a) the effecting of the engagements constituted the carrying on of general business;
- (b) the transferor is a friendly society to which section 37(3) above applies; and
- (c) the transferee is—
  - (i) a friendly society to which section 37(2) or (3) above applies;
  - [<sup>F629</sup>(ii) a UK firm which has an EEA right deriving from any of the insurance directives;]
  - [<sup>F630</sup>(iii) an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to the Financial Services and Markets Act 2000;]
  - <sup>F631</sup>(iv) . . . . .
  - [<sup>F632</sup>(v) an insurance company whose head office is in Switzerland, which has permission under [<sup>F633</sup>Part 4A] of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance, which permission is not limited to reinsurance business;]
  - (vi) an insurance company whose margin of solvency is required to be supervised in accordance with [<sup>F634</sup>Article 166 or 167 of the Solvency 2 Directive].

(2) The [<sup>F635</sup>appropriate authority] shall not confirm the transfer unless—

- <sup>F636</sup>(a) . . . . .
- (b) it is <sup>F637</sup>. . . satisfied that every policy included in the transfer evidences a contract which was entered into before the date of the application;
- (c) the relevant authority certifies that the transferee possesses the necessary margin of solvency after taking the proposed transfer into account; and
- (d) where the establishment from which the policies are to be transferred is situated in [<sup>F638</sup>an EEA State] other than the United Kingdom, the [<sup>F635</sup>appropriate authority] is satisfied—
  - (i) that the supervisory authority in that [<sup>F638</sup>EEA State] has been consulted about the proposed transfer; and
  - (ii) either that the authority has responded or that the period of three months beginning with the consultation has elapsed.

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- (3) Where, as regards any policy <sup>F639</sup> . . . which is included in the proposed transfer, the risk is situated in a [<sup>F638</sup>an EEA State] other than the United Kingdom, the [<sup>F635</sup>appropriate authority] shall not confirm the transfer unless it is satisfied—
- (a) that the supervisory authority in that [<sup>F638</sup>an EEA State] has been notified of the proposed transfer;
  - (b) either that the authority has consented to the transfer or that the authority has not refused its consent to the transfer within the period of three months beginning with the notification.

<sup>F640</sup>(4) . . . . .

<sup>F641</sup>(5) . . . . .

- [<sup>F642</sup>(6) In this paragraph “the relevant authority” means—
- (a) if the transferee falls within paragraph (1)(c)(iii), its home state regulator;
  - (b) if the transferee falls within paragraph (1)(c)(v), the supervisory authority in Switzerland;
  - (c) if the transferee falls within paragraph (1)(c)(vi), the [<sup>F635</sup>appropriate authority] or other supervisory body responsible for the supervision;
  - (d) in any other case, the [<sup>F635</sup> appropriate authority].]

#### Textual Amendments

- F628** Sch. 15 para. 15 substituted (1.9.1994) by S.I. 1994/1984 reg. 25, Sch. 4 para. 3
- F629** Sch. 15 para. 15(1)(c)(ii) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, **207(2)(a)**
- F630** Sch. 15 para. 15(1)(c)(iii) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, **207(2)(b)**
- F631** Sch. 15 para. 15(1)(c)(iv) repealed (1.12.2001) by virtue of S.I. 2001/3649, arts. 1, **207(2)(c)**
- F632** Sch. 15 para. 15(1)(c)(v) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, **207(2)(d)**
- F633** Words in Sch. 15 para. 15(1)(v) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(14)(a)** (with Sch. 12)
- F634** Words in Sch. 15 para. 15(1)(c)(vi) substituted (1.1.2016) by The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(5)(a)**
- F635** Words in Sch. 15 para. 15 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(14)(b)** (with Sch. 12)
- F636** Sch. 15 para. 15(2)(a) repealed (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13, **Sch. 3 para. 128(t)(i)**; Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F637** Word in Sch. 15 para. 15(2)(b) repealed (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13, **Sch. 3 para. 128(t)(ii)**; Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F638** Words in Sch. 15 Pt. II para. 15 substituted (1.1.1998) by S.I. 1997/2849, **reg. 3**
- F639** Words in Sch. 15 para. 15(3) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, **Sch.**
- F640** Sch. 15 para. 15(4) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, **Sch.**
- F641** Sch. 15 para. 15(5) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, **Sch.**
- F642** Sch. 15 para. 15(6) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, **207(3)**

[<sup>F643</sup>15(1)] This paragraph applies to any transfer of engagements (other than contracts of reinsurance) where—

- (a) the effecting of the engagements constituted the carrying on of long term business;

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- (b) the transferor is a friendly society to which section 37(3) above applies; and
- (c) the transferee is–
  - (i) a friendly society to which section 37(2) or (3) above applies;
    - [ a UK firm which has an EEA right deriving from any of the
  - <sup>F644</sup>(ii) insurance directives;]
  - [ an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3
  - <sup>F645</sup>(iii) to the Financial Services and Markets Act 2000;]
  - (iv) .....
  - (v) an insurance company whose margin of solvency is required to be supervised in accordance with [<sup>F646</sup>Article 166 or 167 of the Solvency 2 Directive].

(2) The [<sup>F647</sup>appropriate authority] shall not confirm the transfer unless–

- <sup>F648</sup>(a) .....
- (b) the relevant authority certifies that the transferee possesses the necessary margin of solvency after taking the proposed transfer into account; and
- (c) where the establishment from which the policies are to be transferred is situated in [<sup>F649</sup>an EEA State] other than the United Kingdom, the [<sup>F647</sup>appropriate authority] is satisfied–
  - (i) that the supervisory authority in that [<sup>F649</sup> EEA State] has been consulted about the proposed scheme; and
  - (ii) either that the authority has responded or that the period of three months beginning with the consultation has elapsed.

(3) Where, as regards any policy <sup>F650</sup>... which is included in the proposed transfer, [<sup>F649</sup>an EEA State] other than the United Kingdom, is the State in which the commitment is situated, the [<sup>F647</sup>appropriate authority] shall not confirm the transfer unless it is satisfied–

- (a) that the supervisory authority in that [<sup>F649</sup>an EEA State] has been notified of the proposed scheme; and
- (b) either that the authority has consented to the scheme or that the authority has not refused its consent to the scheme within the period of three months beginning with the notification.

<sup>F651</sup>(4) .....

<sup>F652</sup>(5) .....

[ In this paragraph “the relevant authority” means—

- <sup>F653</sup>(6) (a) if the transferee falls within paragraph (1)(c)(iii), its home state regulator;
- (b) if the transferee falls within paragraph (1)(c)(v), the [<sup>F647</sup>appropriate authority] or other supervisory body responsible for the supervision;
- (c) in any other case, the [<sup>F647</sup>appropriate authority].]

#### Textual Amendments

**F643** Sch. 15 para 15A substituted (1.9.1994) by S.I. 1994/1984, reg. 25, Sch. 4 para. 4

**F644** Sch. 15 para. 15A(1)(c)(ii) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, 208(2)(a)

**F645** Sch. 15 para. 15A(1)(c)(iii) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, 208(2)(b)

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- F646** Words in Sch. 15 para. 15A(1)(c)(v) substituted (1.1.2016) by The Solvency 2 Regulations 2015 (S.I. 2015/575), reg. 1(2), **Sch. 1 para. 19(5)(b)**
- F647** Words in Sch. 15 para. 15A substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(15)** (with Sch. 12)
- F648** Sch. 15 para. 15A(2)(a) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F649** Words in Sch. 15 Pt. II para. 15A substituted (1.1.1998) by 1997/2849, reg. 3
- F650** Words in Sch. 15 Pt. II para. 15A(3) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, **Sch.**
- F651** Sch. 15 Pt. II para. 15A(4) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, **Sch.**
- F652** Sch. 15 Pt. II para. 15A(5) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, **Sch.**
- F653** Sch. 15 para. 15A(6) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 208(3)**

#### Textual Amendments

- F654** Sch. 15 para. 16 omitted (17.8.2001 for specified purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 8(1), 13(1), **Sch. 3 para. 128(v)** (with art. 13(3), **Sch. 5**) and is repealed (*prosp.*) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), **Sch. 5**)

#### *F655 [Rights of policy holders]*

#### Textual Amendments

- F655** Sch. 15 para. 16A and Cross-heading inserted (1.9.1994) by S.I. 1994/1984, reg. 25, **Sch. 4 para. 5**

[<sup>F656</sup>16A] This paragraph applies where the [<sup>F657</sup>appropriate authority] confirms a transfer in accordance with paragraph 15 above and <sup>F658</sup> . . . –

<sup>F659</sup>(.) as regards any policy included in the transfer, [<sup>F660</sup>an EEA State] other than the United Kingdom is the [<sup>F660</sup>EEA State] in which the risk is situated; <sup>F659</sup> . . .

<sup>F661</sup>(b) . . . . .

- (2) The [<sup>F657</sup>appropriate authority] shall direct that–
  - (a) notice of its decision, and of the execution of any instrument giving effect to the transfer, shall be published in the [<sup>F660</sup>EEA State]<sup>F658</sup> . . . ; and
  - (b) the notice shall specify the period during which the policy holder may exercise any right to cancel the policy;and the instrument shall not bind the policy holder if either such a notice is not so published or the policy holder exercises any such right during the period so specified.
- (3) The law of the [<sup>F660</sup>EEA State]<sup>F658</sup> . . . shall determine–
  - (a) whether the policy holder has a right to cancel the policy; and
  - (b) the conditions applicable to any such right.]

#### Textual Amendments

- F656** Sch. 15 para. 16A inserted (1.9.1994) by S.I. 1994/1984, **reg. 25 Sch. 4 para. 5**
- F657** Words in Sch. 15 para. 16A substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 56(16)** (with Sch. 12)
- F658** Words in Sch. 15 para. 16A repealed (1.1.1998) by S.I. 1997/2849, reg. 5, **Sch.**

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- F659** Words in Sch. 15 para. 16A(1)(a) repealed (1.1.1998) by S.I. 1997/2849, reg. (5), Sch.  
**F660** Words in Sch. 15 para. 16A substituted (1.1.1998) by S.I. 1997/2849, reg. 3  
**F661** Sch. 15 para. 16A(1)(b) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, Sch.

- [<sup>F662</sup>16B] This paragraph applies where the [<sup>F663</sup>appropriate authority] confirms a transfer in accordance with paragraph 15A above and <sup>F664</sup> . . . –
- <sup>F665</sup>( . ) as regards any policy included in the transfer, [<sup>F666</sup>an EEA State] other than the United Kingdom is the State in which the commitment is situated; <sup>F665</sup> . . .
- <sup>F667</sup>(b) . . . . .
- (2) The [<sup>F663</sup>appropriate authority] shall direct that–
- (a) notice of the making of any order, or the execution of any instrument, giving effect to the transfer shall be published in the [<sup>F666</sup> EEA State]<sup>F664</sup> . . . which is the State in which the commitment is situated; and
- (b) the notice shall specify the period during which the policy holder may exercise any right to cancel the policy;
- and the instrument or order shall not bind the policy holder if either such a notice is not so published or the policy holder exercises any such right during the period so specified.
- (3) The law of the [<sup>F666</sup> EEA State]<sup>F664</sup> . . . which is the State in which the commitment is situated shall determine–
- (a) whether the policy holder has a right to cancel the policy; and
- (b) the conditions applicable to any such right.]

#### Textual Amendments

- F662** Sch. 15 para. 16B inserted (1.9.1994) by S.I. 1994/1984, reg. 25 Sch. 4 para. 6  
**F663** Words in Sch. 15 para. 16B substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 56(16) (with Sch. 12)  
**F664** Words in Sch. 15 para. 16B repealed (1.1.1998) by S.I. 1997/2849, reg. 5, Sch.  
**F665** Words in Sch. 15 para. 16B(1)(a) repealed (1.1.1998) by S.I. 1997/2849, reg. (5), Sch.  
**F666** Words in Sch. 15 para. 16B substituted (1.1.1998) by S.I. 1997/2849, reg. 3  
**F667** Sch. 15 para. 16B(1)(b) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, Sch.

#### *Effect of failure to comply with relevant requirements*

- 17 A failure to comply with a relevant requirement of this Act or any rules of a friendly society shall not invalidate any amalgamation, transfer of engagements or conversion; but a society which—
- (a) participates in an amalgamation or transfer or converts into a company; and
- (b) fails without reasonable excuse to comply with such a requirement;
- shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.

#### *Interpretation*

- [<sup>F668</sup>18(1) In this Part of this Schedule expressions used which are defined in [<sup>F669</sup>Schedule 3 to the Financial Services and Markets Act 2000] but are not defined for the purposes

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of this Part of this Schedule have the same meaning as they have for the purposes of that Act.

(2) In this Part of this Schedule—

“policy” means a contract (other than a contract of reinsurance) the effecting of which by a friendly society to which section 37(2) or (3) above applies constituted the carrying on of insurance business of any class;

“policy holder” means a member whose contract with such a society is a contract the effecting of which by the society constituted the carrying on of insurance business (other than reinsurance business) of any class;

“relevant requirement”, with reference to this Act or the rules of a friendly society, means a requirement of this Part of this Act or of any rules prescribing the procedure to be followed by the society in approving or effecting an amalgamation or transfer of engagements or its conversion into a company.

F670(3) . . . . .]

**Textual Amendments**

**F668** Sch. 15 para. 18 substituted (1.9.1994) by S.I. 1994/1984, reg. 25, Sch. 4 para. 7

**F669** Words in Sch. 15 para. 18 substituted (1.12.2001) by S.I. 2001/3649, arts. 1, 209

**F670** Sch. 15 para. 18(3) repealed (1.1.1998) by S.I. 1997/2849, reg. 5, Sch.

SCHEDULE 16

Section 95.

AMENDMENTS OF 1974 ACT

1 The 1974 Act shall be amended as follows.

2 (1) In subsection (1) of section 4—

(a) after the word “Act” there shall be inserted the words “ and the 1992 Act ”; and

(b) in paragraph (a), after the word “Wales,” there shall be inserted the words “ Northern Ireland, ”.

(2) After subsection (2) of that section there shall be inserted the following subsection—

“(2A) The central office shall maintain separate registers under this Act or, as the case may be, the 1992 Act in relation to societies whose registered offices are in Northern Ireland.”

(3) In subsection (3) of that section, after the word “Act”, in each place where it occurs, there shall be inserted the words “ or the 1992 Act ”.

**Commencement Information**

**I118** Sch. 16 para. 2 wholly in force; Sch. 16 para. 2 not in force at Royal Assent see s. 126(2); Sch. 16 para. 2(1)(a)(3) in force at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 2; Sch. 16 para. 2(1)(b)(2) in force at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2



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F671<sup>3</sup> .....

#### Textual Amendments

**F671** Sch. 16 para. 3 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

- 4 In section 7, in subsection (1)—
- (a) for the words “may be” there shall be substituted the words “ may remain ”;
  - (b) in paragraph (a), for the words from “any” to the end of the paragraph there shall be substituted the words “ any purpose falling within Schedule 2 to the 1992 Act ”; and
  - (c) after paragraph (f) there shall be inserted the words—

“but no society may become registered under this Act after the commencement of section 93 of the 1992 Act.”

#### Commencement Information

**I119** Sch. 16 para. 4 wholly in force; Sch. 16 para. 4 not in force at Royal Assent see s. 126(2); Sch. 16 para. 4(a)(c) in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3; Sch. 16 para. 4(b) in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 6

- 5 In section 13(1), for the words from “except” to the end of the subsection there shall be substituted the words “ after the commencement of section 93 of the 1992 Act ”.
- 6 (1) For section 15 there shall be substituted the following section—

#### “15A Acknowledgement of registration and rules of new branch.

- (1) On being satisfied that a branch has complied with the provisions of this Act as to registration, the registrar shall issue to that branch an acknowledgement of registration.
  - (2) An acknowledgement under subsection (1) above shall be conclusive evidence that the branch in question is duly registered under this Act, unless it is proved that the registration of the society of which it is a branch has been suspended or cancelled.
  - (3) An acknowledgement under subsection (1) above shall also constitute an acknowledgement, and be conclusive evidence, of the rules of the branch in force at the date of its registration.”
- (2) Section 17 shall cease to have effect.
- (3) Sub-paragraphs (1) and (2) above shall not affect the operation of section 15(2) and section 17 in relation to an acknowledgement of registration issued to a registered society under section 15(1).

- 7 In section 21, for the words “sum not exceeding 10p” there shall be substituted the words “ reasonable fee ”.

- 8 After section 23 there shall be inserted the following section—



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## “ Reinsurance

### **23A Reinsurance.**

- (1) The rules of a registered friendly society may provide for the carrying on by the society of any reinsurance business to which subsection (2) below applies but only to such extent or in such circumstances as may from time to time be approved by the appropriate actuary.
- (2) This subsection applies to business consisting of the effecting and carrying out of contracts of reinsurance which—
  - (a) are insured or to be insured by any other registered society or any incorporated friendly society; and
  - (b) are of a class or part of a class of insurance business which the society carrying on the re-insurance business itself carries on.
- (3) In this section “the appropriate actuary” has the same meaning as in the 1992 Act.”

9 For section 24 there shall be substituted the following section—

### **“24 Trustees of registered societies and branches.**

- (1) Every registered society and branch shall have one or more trustees.
- (2) The trustees may be appointed—
  - (a) by a resolution of the society or branch in general meeting; or
  - (b) in such other manner as the rules of the society or branch may provide.
- (3) If a trustee is appointed under subsection (2)(a) above, the society or branch shall send to the registrar a copy of the resolution appointing him, signed by the trustee so appointed and by the secretary of the society or branch.
- (4) If a trustee is appointed under subsection (2)(b) above, the society or branch shall send to the registrar—
  - (a) notice of his appointment signed by the secretary of the society or branch; and
  - (b) an acceptance of office signed by the trustee so appointed.
- (5) In the case of the appointment of a trustee of a branch, any document referred to in subsection (3) or (4) above shall be sent to the registrar through an officer appointed in that behalf by the society of which the branch forms part.
- (6) The same person may not be a secretary or treasurer of a registered society or branch and also a trustee of that society or branch.”

10 For section 26 there shall be substituted the following section—

### **“26 Proof of appointment of officers and trustees.**

- If any such list as is referred to in section 12(1)(c) above is signed—
- (a) by every trustee and other officer named in the list; and

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- (b) by the secretary of the branch,  
then on the registration of the branch the list shall be evidence that the persons so named have been duly appointed.”
- 11 Sections 27 and 28 shall cease to have effect.
- 12 Sections 29 to 45 shall cease to have effect in relation to registered friendly societies and registered branches of such societies.
- 13 In section 35, after subsection (5) there shall be inserted the following subsection—  
“(5A) In the application of subsection (4) above to a society whose registered office is in Northern Ireland, the reference to the High Court shall be construed as a reference to the High Court in Northern Ireland.”
- 14 In section 40, after subsection (2) there shall be added the following subsection—  
“(3) For the purposes of regulations made by virtue of this section, section 10 of the Friendly and Industrial and Provident Societies Act 1968 shall be taken to extend to Northern Ireland.”
- 15 (1) In section 46, in subsection (1), paragraphs (a) and (b) shall be omitted.  
(2) Sub-paragraph (1) above has effect without prejudice to the generality of paragraph (e) of that subsection.  
(3) After subsection (2) of that section there shall be inserted the following subsection—  
“(2A) Subsections (2) to (12) of section 14 of the 1992 Act shall apply in respect of the powers of investment of the trustees of a registered friendly society as they apply to the powers of investment of an incorporated friendly society; and the consent required for any such investment as is available to the trustees of a registered friendly society by virtue of this subsection shall be the same as that required under subsection (1) above.”
- 16 In section 49—  
(a) in paragraph (b), for “ £200” there shall be substituted “ £800 ”; and  
(b) in paragraph (c), for “£50” there shall be substituted “ £200 ”.
- 17 In section 50, after subsection (2) there shall be inserted the following subsection—  
“(2A) Subsection (2) above does not apply to advances made by a registered friendly society or a branch of such a society.”
- 18 (1) In section 51—  
(a) at the end of subsection (2) there shall be added the words “ ; but those restrictions shall not apply to investments made by the trustees of a registered friendly society or of a branch of such a society ”; and  
(b) at the end of subsection (4) there shall be inserted the words “ or Part II of the Housing (Northern Ireland) Order 1981. ”.

#### Commencement Information

**I120** Sch. 16 para. 18 wholly in force; Sch. 16 para. 18 not in force at Royal Assent see s. 126(2); Sch. 16 para. 18(1)(a) in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 6; Sch. 16 para. 18(1)(b) in force at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2

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19 In section 53, for subsection (1) there shall be substituted the following subsection—

“(1) A registered society or branch may, if its rules so provide, acquire and hold land for the purpose of carrying on any of its activities in the names of its trustees and may dispose of, or otherwise deal with, any land so held; and—

- (a) no person shall be bound to enquire as to the authority of the trustees to dispose of or deal with land;
- (b) the receipt of the trustees shall be a discharge for all sums of money arising from, or in connection with, the disposal of or other dealing with land.”

(2) Subsection (3) of that section shall be omitted.

20 In section 55, at the end of subsection (4) there shall be added the words “ or Northern Ireland ”.

21 After section 57 there shall be inserted the following section—

**“57A Discharge of certain mortgages in Northern Ireland.**

(1) Where, in the case of any mortgage to a registered society or branch of any property, a receipt in full for any moneys secured thereby on that property is endorsed on or annexed to the mortgage, being a receipt—

- (a) signed by the trustees of the society or branch and counter-signed by the secretary thereof; and
- (b) in the form set out in Schedule 4 to this Act or in any other form specified in the rules of the society or branch or any schedule thereto,

that receipt shall be fully effective to vacate the mortgage and vest in the mortgagor the estate of and in the property comprised in the mortgage.

(2) If the mortgage is registered in accordance with the Registration of Deeds Act (Northern Ireland) 1970 the registrar under that Act shall—

- (a) on production of the receipt mentioned in subsection (1) above make a note in the Abstract Book against the entry relating to the mortgage that the mortgage is satisfied; and
- (b) grant a certificate, either on the mortgage or separately, that the mortgage is satisfied.

(3) The certificate granted under subsection (2)(b) above shall—

- (a) be received in all courts and proceedings without further proof; and
- (b) have the effect of clearing the register of the mortgage.

(4) In this section “mortgage” includes a further charge and “mortgagor”, in relation to a mortgage, means the person for the time being entitled to the equity of redemption.

(5) This section extends to Northern Ireland only.”

22 After section 63 there shall be inserted the following section—

**“63A Register of members of registered friendly societies.**

(1) Every registered friendly society shall maintain a register of the names and addresses of the members of the society.

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- (2) The register shall be kept at the registered office of the society or at such other place or places as the committee of management thinks fit.
- (3) A society need not enter in the register the address of a member who became a member before the commencement of this section while it has no address for him and his whereabouts are unknown.
- (4) Where it appears to a society that the address shown in the register for a member is no longer current, the society—
  - (a) may remove that address from the register; and
  - (b) need not enter in the register an address for that member while it has no address for him and his whereabouts are unknown.
- (5) If a society contravenes subsection (1) above, it shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.”

23 After section 65 there shall be inserted the following sections—

**“65A Group insurance business.**

- (1) If the rules of a registered friendly society expressly so direct, the society may carry on any group insurance business.
- (2) In this Act “group insurance business” means business (carried on in accordance with the society’s rules and subject to any regulations under section 11 of the 1992 Act) which—
  - (a) is of a description falling within Head A, or class 2 of Head B, of Schedule 2 to the 1992 Act; and
  - (b) is carried on as the business of providing benefits, in pursuance of a contract with a qualifying person, for or in respect of the members of a group scheme.
- (3) For the purposes of this section—
 

“group scheme” means a scheme or other arrangement under which benefits are to be provided for or in respect of persons who are members of the scheme and who qualify for membership by virtue of—

  - (a) being employees of a particular employer; or
  - (b) being members of some other group of persons of a description specified in regulations under section 11 of the 1992 Act;

“qualifying person” means a person who has established or is otherwise responsible for the operation of a group scheme or a trustee of such a scheme;

and “member”, in relation to a group scheme, includes any person for or in respect of whom benefits are to be provided under the scheme, whatever the terms in which such persons are described in the scheme.
- (4) Group insurance business may be carried on by a registered friendly society whether or not members of the group scheme are, or are required by the society to be, members of the society.

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- (5) Where a registered friendly society carries on any group insurance business and the rules of the society so provide, any qualifying person with whom the society contracts (or his nominee) may be accorded the rights of a member of the society (including any right to vote) for the purpose of participating in the affairs of the society in the interests of the members of the group scheme with which he is concerned.
- (6) The rules of an incorporated friendly society may not prevent a person from being a member of the society in his private capacity by reason only of the fact that he has been accorded the rights of a member by virtue of subsection (5) above.
- (7) A person who is accorded the rights of a member of a society by virtue of subsection (5) above shall, for the purposes of any power which is conferred on the registrar or the Commission by this Act or the 1992 Act and is exercisable in the interests of members of the society, be treated as if he were a member of the society.
- (8) The Commission may make regulations under section 11(7) of the 1992 Act which apply to group insurance business carried on by registered friendly societies.

#### **65B Terms on which benefits are provided by friendly societies.**

- (1) The terms on which a registered friendly society provides any benefit shall be—
  - (a) specified in its rules; or
  - (b) determined in a manner specified in its rules.
- (2) If they are not specified in the society's rules, the society—
  - (a) shall make copies of them available free of charge to members of the society at every office of the society; and
  - (b) shall send, free of charge, copies of them to any member of the society who demands them.
- (3) If, on demand made of it under subsection (2) above, a society fails, in accordance with that subsection, to make available or, as the case may be within 7 days of the demand, to send to a person a copy of the terms on which a benefit is to be provided, the society shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.”

24 Sections 70 to 75 shall cease to have effect.

#### **Commencement Information**

**I121** Sch. 16 para. 24 partly in force; Sch. 16 para. 24 not in force at Royal Assent see s. 126(2); Sch. 16 para. 24 in force to the extent specified at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3

- 25 (1) Section 76 shall be amended as follows.
- (2) In subsection (1)—
  - (a) for the words “section 77 below” there shall be substituted the words “subsection (3A) below”; and

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- (b) in paragraphs (c) to (e) the words “or branch” shall be omitted in each place where they occur.
- (3) For subsection (3) there shall be substituted the following subsections—
- “(3A) This section does not apply to a dispute if—
- (a) the registered society concerned is a registered friendly society; or
  - (b) the registered branch concerned is a branch of a registered friendly society.
- (3B) The county court or, in Scotland, the sheriff may hear and determine a dispute falling within subsection (1) above if the parties agree that it shall be so determined instead of being determined under the rules.”
- (4) In subsection (4), at the end of paragraph (b) there shall be added the words “; and
- (c) does not include a dispute between the parties mentioned in subsection (1)(a) or (b) above which has arisen as a result of and incidentally to a dispute between a member, or a person aggrieved who has ceased to be a member, of a registered society or branch and a person claiming through him or under the rules of the registered society or branch.”
- 26 Section 77 shall cease to have effect.
- 27 In section 78(1), after the words “Act 1950” there shall be inserted the words “ or the corresponding provisions of the Arbitration Act (Northern Ireland) 1937 ”.
- 28 In section 80—
- (a) in subsection (1), at the beginning there shall be inserted the words “ Subject to subsection (1A) below, ”;
  - (b) after subsection (1) there shall be inserted the following subsection—
- “(1A) Subsection (1) above does not apply in any case where the lender is a registered friendly society or a branch of such a society.”
- 29 (1) Section 82 (amalgamation and transfer of engagements) shall be amended as follows.
- (2) In subsection (2), after the word “transfer” there shall be inserted the words “ to any extent ”.
- (3) In subsection (3)—
- (a) after the word “transfer” there shall be inserted the words “ to any extent ”; and
  - (b) at the end there shall be added the words “ or to an industrial and provident society ”.
- (4) After subsection (3) there shall be inserted the following subsections—
- “(3A) A registered society, in order to transfer some but not all of its engagements, must in addition to passing the special resolution required by subsection (2) or (3) above resolve to do so by an affected members’ resolution, that is, a resolution passed by the appropriate majority of the members whose engagements with the society are included in the transfer and who, under the rules of the society, would be entitled to vote on a special resolution.
- (3B) In subsection (3A) above, “appropriate majority” means a majority consisting of not less than three quarters of those members who vote.”

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(5) After subsection (7) there shall be added the following subsections—

“(8) This section does not apply to an amalgamation of or transfer of engagements by a registered friendly society.

(9) In this section “industrial and provident society” means a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969.”

F67230 .....

**Textual Amendments**

**F672** Sch. 16 para. 30 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

31 Section 84 shall cease to apply to registered friendly societies.

32 After section 84 there shall be inserted the following section—

**“84A Conversion of registered societies into industrial and provident societies.**

- (1) A registered society other than a registered friendly society may apply for registration under the Industrial and Provident Societies Act 1965 if the proposal to apply for registration has been submitted to the members of the society for their consent by the procedure required for a proposal to amend the rules of the society and consent has been obtained in accordance with that procedure.
- (2) On the registration under the Industrial and Provident Societies Act 1965 of a registered society all property held immediately before that registration by any person in trust for the society or any branch of the society (whether or not a registered branch) shall become by virtue of this subsection property of the industrial and provident society.
- (3) After its registration under that Act, the society shall continue to be entitled to all rights and subject to all liabilities to which it was entitled or subject immediately before registration.
- (4) It is hereby declared for the avoidance of doubt that—
  - (a) the reference in subsection (2)(a) above to property includes a reference to property situated outside the United Kingdom; and
  - (b) the reference to rights and liabilities of such a society or branch includes a reference and liabilities under the law of any country or territory outside the United Kingdom.
- (5) Not later than the end of the period of 90 days beginning with the day on which a registered society is registered under the Industrial and Provident Societies Act 1965—
  - (a) the trustees of the society shall deliver to the registered office of the industrial and provident society any property of the registered society or any branch of the registered society held by them and



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- any documents relating to the property, rights and liabilities of the registered society or to its financial affairs;
- (b) the trustees of any branch of the registered society shall deliver to that office any property of the branch or any other branch of the society held by them and any documents relating to the property, rights and liabilities of the branch or to its financial affairs; and
- (c) if he holds property on trust for the society or any branch of the society, the Public Trustee shall deliver to that office the property so held by him and any documents relating to it;
- but nothing in this Act shall have effect to relieve the trustees of a registered society or branch or the Public Trustee from any liability arising from acts or omissions before that registration.
- (6) If a registered society is registered under the Industrial and Provident Societies Act 1965, the registration of that society under this Act shall thereupon become void and shall be cancelled by the Chief Registrar or, under the direction of the Chief Registrar, by the assistant registrar for Scotland.
- (7) Schedule 6A to this Act shall have effect to supplement this section.
- (8) In the application of this section to Northern Ireland, references in this section and Schedule 6A to the Industrial and Provident Societies Act 1965 shall be construed as references to the Industrial and Provident Societies Act (Northern Ireland) 1969.”

#### Commencement Information

**I122** Sch. 16 para. 32 wholly in force; Sch. 16 para. 32 not in force at Royal Assent see s. 126(2); Sch. 16 para. 32 (except para. (8)) in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3; Sch. 16 para. 32 (except subsection (8) of s. 84A) in force for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 2; Sch. 16 para. 32 (to the extent that it inserts section 84A(8) of the 1974 Act) in force at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2

- 33 In section 86—
- (a) in subsection (1), at the beginning there shall be inserted the words “ Subject to subsection (2A) below ” and, after the words “registered society”, there shall be inserted the words “ or branch ”;
- (b) after subsection (2) there shall be inserted the following subsection—
- “(2A) For the purposes of this Act “special resolution”, in relation to a registered friendly society, shall be construed in accordance with paragraph 7 of Schedule 12 to the 1992 Act.”

- 34 For section 87 there shall be substituted the following section—

“ *Winding-up, suspension of business and inspection*

#### **87 Power of Commission to apply for winding-up of registered friendly societies and branches.**

- (1) If, on receiving the report on the state and conduct of the activities of a registered friendly society from a person appointed under section 65 of the

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1992 Act, it appears to the Commission that it is in the interests of the members of the society or of the public that the society should be wound up, then, unless the society is already being wound up by the court, the Commission may present a petition to the High Court or, in Scotland, to the Court of Session for the society to be wound up by the court in accordance with the Insolvency Act 1986 or, as the case may be, the Insolvency (Northern Ireland) Order 1989 if the court thinks it just and equitable that this should be done.

(2) Subsection (1) above applies in relation to a registered branch of a registered friendly society as it applies in relation to such a society.”

35 Sections 88 and 89 shall cease to have effect.

36 Section 90 shall cease to have effect in relation to registered friendly societies.

37 In section 91(4), after the words “section 85(4) above” there shall be inserted the words “ or under any provision of the 1992 Act ”.

38 In section 93—

- (a) in subsection (1)(b), for the words from the beginning to “dissolution” there shall be substituted the words “ by an instrument of dissolution approved by a special resolution of the society or branch; ”;
- (b) in subsection (1)(c), after the words “section 95(3)” there shall be inserted the words “ or 95A(1) ”; and
- (c) in subsection (3), for the words from “to the county” to “within” there shall be substituted the words “—
  - (a) in England and Wales, to the county court for the district,
  - (b) in Scotland, to the sheriff of the sheriffdom, or
  - (c) in Northern Ireland, to the county court for the division,

within ”.

#### Commencement Information

**I123** Sch. 16 para. 38 wholly in force; Sch. 16 para. 38 not in force at Royal Assent see s. 126(2); Sch. 16 para. 38(a) in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3; Sch. 16 para. 38(b)(c) (to the extent that it introduces paras. (a)(b) into section 93(3)) in force at 28.4.1993 by S.I. 1993/1186, art. 2(3), Sch. 3; Sch. 16 para. 38(c) (to the extent that it introduces para. (c) into s. 93(3) of the 1974 Act) in force at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2

39 Section 95 shall cease to have effect in relation to registered friendly societies and, after that section, there shall be inserted the following section—

#### “95A Dissolution of registered friendly societies and branches by award.

(1) Subject to subsection (2) below, if upon an investigation under section 65 of the 1992 Act it appears to the Commission—

- (a) that the funds of a registered friendly society or of a registered branch of such a society are insufficient to meet the existing claims on them, or

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- (b) that the rates of contribution fixed in the rules of the society or branch are insufficient to cover the benefits assured to be given by the society or branch,

the Commission may, if it considers it expedient to do so, award that the society or branch be dissolved and its affairs wound up; and where such an award is made the Commission shall direct in what manner the assets of the society or branch shall be divided or appropriated.

- (2) Where the Commission makes an award under this section, it may suspend the operation thereof for such period as it may deem necessary to enable the society or branch to make such alterations and adjustments of contributions and benefits as will in its judgment prevent the necessity of the award of dissolution coming into operation; and where within that period the alterations and adjustments are made, the Commission may cancel the award.
- (3) The Commission proceeding under this section shall have the same powers and authorities, enforceable by the same penalties, as the Chief Registrar has under section 95 above.
- (4) Within twenty-one days after the making of an award under this section, the Commission shall send to the central office notice of the award of dissolution and upon its receipt the central office shall cause notice of the award to be advertised in the Gazette and in some newspaper in general circulation in the neighbourhood of the registered office of the society or branch; and unless—
- (a) within three months from the date on which that advertisement appears, a member or other person interested or having any claim on the funds of the society or branch commences proceedings to set aside the dissolution of the society or branch consequent upon the award, and
- (b) the dissolution is set aside accordingly,
- the society or branch shall be legally dissolved from the date of the advertisement.
- (5) The expenses of every award, and of advertising every notice, under this section shall be paid out of the funds of the society or branch before any other appropriation thereof is made.”

40 In section 96, after the words “section 95(3)” there shall be inserted the words “ or 95A(1) ”.

41 In section 97, in subsection (1)(b) after the words “section 95 (6)(a)” there shall be inserted the words “ or 95A(4)(a) ”.

42 In section 98—

- (a) in subsection (1)(g), for the words from “a certificate” to “false” there shall be substituted the words “ to the society or branch from which the money is claimed a false death ”;
- (b) in subsection (2), at the end there shall be inserted the words “ or the Industrial Assurance (Northern Ireland) Order 1979 ”;
- (c) in subsection (8), after “1923” there shall be inserted the words “ and Article 46(2) of the Industrial Assurance (Northern Ireland) Order 1979 ”.

*Status: Point in time view as at 29/06/2017.*

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### Commencement Information

**I124** Sch. 16 para. 42 wholly in force; Sch. 16 para. 42 not in force at Royal Assent see s. 126(2); Sch. 16 para. 42(a) in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3; Sch. 16 para. 42(b)(c) in force at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2

43 In section 100(a), at the end there shall be added the words “ other than a registered friendly society or branch of such a society ”.

<sup>F673</sup>44 .....

### Textual Amendments

**F673** Sch. 16 para. 44 repealed (1.4.2005) by Courts Act 2003 (c. 39), s. 110(1), Sch. 10; S.I. 2005/910, art. 3(aa)

45 Section 106 shall cease to have effect.

46 In section 107, after subsection (2) there shall be inserted the following subsection—

“(2A) In the application of this section to Northern Ireland, references to the Secretary of State shall be construed as references to the Department of Health and Social Services for Northern Ireland.”

<sup>F674</sup>47 .....

### Textual Amendments

**F674** Sch. 16 para. 47 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

48 In section 111(1)—

(a) in the definition of “collecting society” at the end there shall be added the words “ or the Industrial Assurance (Northern Ireland) Order 1979 ”;

(b) after that definition there shall be inserted the following definition—

““Commission” means the Friendly Societies Commission;”;

(c) in the definition of “the Companies Acts” after “1985” there shall be inserted the words “ or, in Northern Ireland, the Companies (Northern Ireland) Order 1986 ”;

(d) in the definition of “Gazette”, after paragraph (b) there shall be inserted the following paragraph—

“(c) the Belfast Gazette if the registered office of the society or branch is in Northern Ireland”;

(e) after the definition of “signed” there shall be inserted the following definition—

““the 1992 Act” means the Friendly Societies Act 1992”.

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#### Commencement Information

**I125** Sch. 16 para. 48 wholly in force; Sch. 16 para. 48 not in force at Royal Assent see s. 126(2); Sch. 16 para. 48(b)(e) in force at 1.2.1993 by S.I. 1993/16, art. 2, Sch. 3; Sch. 16 para. 48(a)(c)(d) in force at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2

- 49 Section 115 shall cease to have effect.
- 50 In section 117(3), after the words “extends to” there shall be inserted the words “Northern Ireland,”.
- 51 (1) In paragraph 3 of Schedule 2—
- (a) in sub-paragraph (1), for the words “sub-paragraph (2)” there shall be substituted the words “sub-paragraphs (2) and (3)” and the words “the fines and” and “or fine” shall be omitted;
  - (b) after sub-paragraph (2) there shall be inserted the following sub-paragraph—
 

“(3) Nothing in sub-paragraph (1) above shall prevent a registered friendly society from specifying in its rules the manner in which the conditions under which any member may become entitled to any benefit assured by the society are to be determined, instead of specifying the conditions themselves.”
- (2) Paragraphs 7, 12 and 15 of that Schedule shall cease to have effect in relation to registered friendly societies.
- 52 After Schedule 6 there shall be inserted the following Schedule—

“SCHEDULE  
6A

CONVERSION OF REGISTERED SOCIETIES INTO INDUSTRIAL  
AND PROVIDENT SOCIETIES: SUPPLEMENTARY

- 1 This Schedule has effect in relation to any registered society (“the society”) which is registered under the Industrial and Provident Societies Act 1965 and, in this Schedule, “registration” means registration under that Act.
- 2 (1) On the registration of the society any appointment as trustee of the society or any branch of it shall determine.
- (2) All officers of the society other than its trustees shall upon its registration become officers of the industrial and provident society holding corresponding offices in that society.
- 3 Any agreement made, transaction effected or other thing done by, to or in relation to the society or any branch of it (whether registered or not) which is in force or effective immediately before its registration shall have effect as if made, effected or done by, to or in relation to the industrial and provident society, in all respects, as if the industrial and provident society were the same person as the society or branch and accordingly references to the society or branch—
  - (a) in any agreement (whether or not in writing) and in any deed, bond or instrument;

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- (b) in any process or other document issued, prepared or employed for the purposes of any proceeding before any court or other tribunal or authority; and
  - (c) in any other document whatsoever (other than an enactment) relating to or affecting any property, right or liability of the registered society or branch,shall be taken as referring to the industrial and provident society.
- 4 (1) Any agreement made by the society or any branch of it which is in force immediately before the society's registration shall have effect as if—
  - (a) for references to members of the society or branch there were substituted references to members of the industrial and provident society;
  - (b) for references to officers of the society or branch other than its trustees there were substituted references to the corresponding officers of the industrial and provident society; and
  - (c) for references to the trustees of the registered society or branch there were substituted references to the industrial and provident society.
- (2) References in sub-paragraph (1) above to an agreement include references to a deed, bond or other instrument.
- (3) It is hereby declared for the avoidance of doubt that—
  - (a) the effect of section 84A of this Act in relation to any contract of employment with the society or any of its branches in force immediately before the society's registration is merely to modify the contract by substituting the industrial and provident society as the employer (and not to terminate the contract or vary it in any other way); and
  - (b) that section is effective to vest the rights and liabilities of the society or branch under any agreement or arrangement for the payment of pensions, allowances or gratuities in the industrial and provident society along with all other rights and liabilities of the society or branch;and accordingly any period of employment with the society or branch shall count for all purposes as a period of employment with the industrial and provident society.”

F675 SCHEDULE 17

**Textual Amendments**

**F675** Schs. 17-19 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

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## F<sup>676</sup>SCHEDULE 18

### Textual Amendments

**F676** Schs. 17-19 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

## F<sup>677</sup>SCHEDULE 19

### Textual Amendments

**F677** Schs. 17-19 repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

## F<sup>678</sup>SCHEDULE 20

### Textual Amendments

**F678** Sch. 20 repealed (1.12.2001) by S.I. 2001/3649, **arts. 1, 202(b)**

## SCHEDULE 21

Section 120.

### AMENDMENTS

#### PART I

#### AMENDMENTS OF ENACTMENTS

##### *Loan Societies Act 1840*

- 1 The duty of the Chief Registrar to lay before Parliament the documents mentioned in section 27 of the <sup>M46</sup>Loan Societies Act 1840 (accounts etc of loan societies) is abolished.



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**Marginal Citations**

**M46** 1840 c. 110

*National Savings Bank Act 1971*

F695<sup>2</sup> .....

**Textual Amendments**

**F695** Sch. 21 paras. 2-4 repealed (with effect from 1.9.2005) by Finance (No. 2) Act 2005 (c. 22), Sch. 11 Pt. 5(2)

F695<sup>3</sup> .....

**Textual Amendments**

**F695** Sch. 21 paras. 2-4 repealed (with effect from 1.9.2005) by Finance (No. 2) Act 2005 (c. 22), Sch. 11 Pt. 5(2)

*National Debt Act 1972*

F695<sup>4</sup> .....

**Textual Amendments**

**F695** Sch. 21 paras. 2-4 repealed (with effect from 1.9.2005) by Finance (No. 2) Act 2005 (c. 22), Sch. 11 Pt. 5(2)

*Solicitors Act 1974*

F696<sup>5</sup> .....

**Textual Amendments**

**F696** Sch. 21 para. 5 repealed (1.1.2010) by Legal Services Act 2007 (c. 29), s. 211(2), Sch. 23 (with ss. 29, 192, 193); S.I. 2009/3250, art. 2(i)(ix)

*Insurance Companies Act 1982*

6 (1) In section 49 of the <sup>M47</sup>Insurance Companies Act 1982, (sanction of court for transfer of long term business) at the beginning of subsection (1) there shall be inserted “ Subject to section 49A below ”.

(2) After that section there shall be inserted the following section—

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**“49A Transfer of long term business to friendly society.**

- (1) Section 49 above applies, with the following adaptations, to a transfer of business to an incorporated friendly society or registered friendly society authorised under Part IV of the Friendly Societies Act 1992.
- (2) In subsection (3)(c) (service of documents), after the words “the Secretary of State” there shall be inserted the words “and on the Friendly Societies Commission”.
- (3) In subsection (5) (persons entitled to be heard on petition), in paragraph (a) after the words “the Secretary of State” there shall be inserted the words “and the Friendly Societies Commission”.
- (4) In subsection (6) (requirement that transferee company be authorised to carry on long term business), for the words “authorised under section 3 or 4 above” there shall be substituted the words “authorised under Part IV of the Friendly Societies Act 1992.”

**Marginal Citations**

**M47** 1982 c. 50.

*Companies Act 1985*

**F697** .....

**Textual Amendments**

**F697** Sch. 21 para. 7 repealed (6.4.2005) by [Companies \(Audit, Investigations and Community Enterprise\) Act 2004 \(c. 27\)](#), s. 65(1), [Sch. 8](#); S.I. 2004/3322, art. 2(2), Sch. 2

*Company Directors Disqualification Act 1986*

8 After section 22A of the <sup>M48</sup>Company Directors Disqualification Act 1986 (application of Act to building societies) there shall be inserted the following section—

**“22B Application of Act to incorporated friendly societies.**

- (1) This Act applies to incorporated friendly societies as it applies to companies.
- (2) References in this Act to a company, or to a director or an officer of a company include, respectively, references to an incorporated friendly society within the meaning of the Friendly Societies Act 1992 or to a member of the committee of management or officer, within the meaning of that Act, of an incorporated friendly society.
- (3) In relation to an incorporated friendly society every reference to a shadow director shall be omitted.

*Status: Point in time view as at 29/06/2017.*

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- (4) In the application of Schedule 1 to the members of the committee of management of an incorporated friendly society, references to provisions of the Insolvency Act or the Companies Act include references to the corresponding provisions of the Friendly Societies Act 1992.”

**Marginal Citations**

**M48** 1986 c. 46.

*Banking Act 1987*

- 9 In section 84(1) of the <sup>M49</sup>Banking Act 1987 (disclosure of information obtained under that Act), in the Table showing the authorities to which, and functions for the purposes of which, disclosure may be made, after the entry beginning “The Chief Registrar of friendly societies” there shall be inserted the following entry—

“The Friendly Societies Commission.	Functions under the enactments relating to friendly societies or under the Financial Services Act 1986.”
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**Marginal Citations**

**M49** 1987 c. 22.

*Income and Corporation Taxes Act 1988*

- <sup>F698</sup>10 .....

**Textual Amendments**

**F698** Sch. 21 para. 10 repealed (1.12.2001) by S.I. 2001/3629, art. 109, Sch.

*Companies Act 1989*

- 11 In section 87 of the <sup>M50</sup>Companies Act 1989 (disclosure of information obtained under that Act), in subsection (4), in the Table showing the authorities to which, and functions for the purposes of which, disclosure may be made after the entry beginning “The Chief Registrar of friendly societies” there shall be inserted the following entry—

“The Friendly Societies Commission.	Functions under the enactments relating to friendly societies or under the Financial Services Act 1986.”
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**Marginal Citations**

**M50** 1989 c.40.

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*Tribunals and Inquiries Act 1992*

F699 12 .....

**Textual Amendments**  
F699 Sch. 21 para. 12 repealed (1.1.1994) by S.I. 1993/3084, reg.9

F700 13 .....

**Textual Amendments**  
F700 Sch. 21 para. 13 repealed (1.1.1994) by S.I. 1993/3084, reg.9

F701 14 .....

**Textual Amendments**  
F701 Sch. 21 para. 14 repealed (1.1.1994) by S.I. 1993/3084, reg.9

F702 15 .....

**Textual Amendments**  
F702 Sch. 21 para. 15 repealed (1.1.1994) by S.I. 1993/3084, reg.9

F703 16 .....

**Textual Amendments**  
F703 Sch. 21 para. 16 repealed (1.1.1994) by S.I. 1993/3084, reg.9

*Trade Union and Labour Relations (Consolidation) Act 1992*

F704 17 .....

**Textual Amendments**  
F704 Sch. 21 para. 17 repealed (1.1.1994) by S.I. 1993/3084, reg.9

*Social Security Contributions and Benefits (Northern Ireland) Act 1992*

18 In section 171(2) of the <sup>M51</sup>Social Security Contributions and Benefits (Northern Ireland) Act 1992, after “157” there shall be inserted the words “ and regulations made by the Chief Registrar of friendly societies under paragraph 10(2) of Schedule 1 to this Act. ”

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**Marginal Citations**

**M51** 1992 c. 7.

- 19 (1) In Schedule 1 to that Act, in paragraph 10(2)—
- (a) for the words “Friendly Societies Act (Northern Ireland) 1970” there shall be substituted “ Friendly Societies Act 1974 ”; and
  - (b) for the words “Registrar of Friendly Societies for Northern Ireland” there shall be substituted “ Chief Registrar of Friendly Societies ”.
- (2) In that Schedule, in paragraph 10 for sub-paragraph (3) there shall be substituted the following sub-paragraph—
- “(3) The power conferred by sub-paragraph (2) above on the Chief Registrar of Friendly Societies to make regulations shall be exercisable by statutory instrument, and—
- (a) the Statutory Instruments Act 1946 shall apply to that power as if the Chief Registrar were a Minister of the Crown, and
  - (b) section 171(3) to (5) above shall apply to those regulations as they apply to regulations made by the Department.”

**PART II**

AMENDMENTS OF NORTHERN IRELAND LEGISLATION

*Parliamentary Commissioner Act (Northern Ireland) 1969*

<sup>F705</sup>20 .....

**Textual Amendments**

**F705** Sch. 21 Pt. II para. 20 repealed (16.7.1996) by S.I. 1996/1298 (N.I. 8) art. 21(2), Sch. 6

*Industrial and Provident Societies Act (Northern Ireland) 1969*

- 21 In section 101(1) of the <sup>M52</sup>Industrial and Provident Societies Act (Northern Ireland) Act 1969, in the definition of “registrar”, for the words “friendly societies” there shall be substituted “ credit unions ”.

**Marginal Citations**

**M52** 1969 c.24 (N.I.).

*Social Security Pensions (Northern Ireland) Order 1975*

- [<sup>F706</sup>22 In Article 67(1) of the commref NUM="M845">Social Security Pensions (Northern Ireland) Order 1975 for the words “Registrar of Friendly Societies for Northern Ireland” there shall be substituted “ Chief Registrar of Friendly Societies ”.]

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#### Textual Amendments

**F706** By this it is provided that [Sch. 21 para. 22](#) is repealed (N.I.) (7.2.1994) by [1993 c. 49, s. 182\(1\)](#), [Sch. 4](#); [S.R. 1994/17, art. 2](#)

#### Modifications etc. (not altering text)

**C32** [Sch. 21 para. 22](#) expressed to be repealed (7.2.1994) by [1993 c. 49, s. 182](#), [Sch. 4](#)

[<sup>F707</sup>23 In Article 67(4) of that Order for the words “Friendly Societies Act (Northern Ireland) 1970” there shall be substituted “ Friendly Societies Act 1974 ”.]

#### Textual Amendments

**F707** By this it is provided that [Sch. 21 para. 23](#) is repealed (N.I.) (7.2.1994) by [1993 c. 49, s. 182\(1\)](#), [Sch. 4](#); [S.R. 1994/17, art. 2](#)

#### Modifications etc. (not altering text)

**C33** [Sch. 21 para. 23](#) expressed to be repealed (7.2.1994) by [1993 c. 49, s. 182](#), [Sch. 4](#)

#### *Statutory Rules (Northern Ireland) Order 1979*

24 In Article 7(5) of the <sup>M53</sup>Statutory Rules (Northern Ireland) Order 1979 for the words “Friendly Societies” there shall be substituted “ Credit Unions ”.

#### Marginal Citations

**M53** [S.I. 1979/1573 \(N.I.12\)](#).

25 In Part I of Schedule 1 to that Order, for the words “The Registrar of Friendly Societies for Northern Ireland” there shall be substituted “ The Registrar of Credit Unions for Northern Ireland ”.

#### *Housing (Northern Ireland) Order 1981*

26 In Article 114 of the <sup>M54</sup>Housing (Northern Ireland) Order 1981, in the definition of “registrar”, for the words “of Friendly Societies for Northern Ireland” there shall be substituted “ for the purposes of the Act of 1969 ”.

#### Marginal Citations

**M54** [S.I. 1981/156 \(N.I.3\)](#).

#### *Property (Discharge of Mortgage by Receipt)(Northern Ireland) Order 1983*

27 In Article 3(10) of the <sup>M55</sup>Property (Discharge of Mortgage by Receipt)(Northern Ireland) Order 1983 for the words “section 48 of the Friendly Societies Act (Northern Ireland) 1970” there shall be substituted “ section 57A of the Friendly Societies Act 1974 ”.

*Status: Point in time view as at 29/06/2017.*

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**Marginal Citations**

**M55** [S.I. 1983/766 \(N.I.9\)](#).

*Credit Unions (Northern Ireland) Order 1985*

- 28 In Article 2(2) of the <sup>M56</sup>Credit Unions (Northern Ireland) Order 1985 for the definition of “registrar” there shall be substituted—

““registrar” has the meaning assigned to it by Article 2A;”.

**Marginal Citations**

**M56** [S.I. 1985/1205 \(N.I.12\)](#).

- 29 After Article 2 there shall be inserted the following Article—

**The registrar and assistant registrar**

“2A (1) The person appointed by the Head of the Department to perform in Northern Ireland the functions of registrar under this Order shall be known as the Registrar of Credit Unions for Northern Ireland (in this Order referred to as “the registrar”).

(2) A person appointed by the Department to assist the registrar shall be known as the Assistant Registrar of Credit Unions for Northern Ireland (in this Order referred to as “the assistant registrar”).

(3) Anything which is required or authorised to be done by or to the registrar under this Order may be done by or to the assistant registrar.”

*Companies (Northern Ireland) Order 1986*

- 30 (1) In Article 442 of the <sup>M57</sup>Companies (Northern Ireland) Order 1986, in paragraph (1), after sub-paragraph (dd) there shall be inserted the following sub-paragraphs—

“(de) for the purpose of enabling or assisting the Chief Registrar of friendly societies or the Assistant Registrar of friendly societies for Scotland to discharge their functions under the enactments relating to friendly societies;

(df) for the purpose of enabling or assisting the Friendly Societies Commission to discharge its functions under the Financial Services Act 1986.”

- (2) In paragraph (3) of that Article, after sub-paragraph (j) there shall be inserted the following sub-paragraph—

“(jj) the Friendly Societies Commission”.

**Marginal Citations**

**M57** [S.I. 1986/1032 \(N.I.6\)](#).



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### *Companies (Northern Ireland) Order 1989*

- 31 After Article 2 of the <sup>M58</sup>Companies (Northern Ireland) Order 1989 there shall be inserted the following Article—

#### **Application of Order to incorporated friendly societies**

- “2A (1) This Order applies to incorporated friendly societies as it applies to companies.
- (2) References in this Order to a company, or to a director or an officer of a company include, respectively, references to an incorporated friendly society within the meaning of the Friendly Societies Act 1992 or to a member of the committee of management or officer, within the meaning of that Act, of an incorporated friendly society.
- (3) In relation to an incorporated friendly society every reference to a shadow director shall be omitted.
- (4) In the application of Schedule 1 to the members of the committee of management of an incorporated friendly society, references to provisions of the Insolvency Order or the Companies Order include references to the corresponding provisions of the Friendly Societies Act 1992.”

#### **Marginal Citations**

**M58** S.I. 1989/2404 (N.I. 18).

## SCHEDULE 22

Section 120.

### REPEALS

#### PART I

#### GENERAL

#### **Commencement Information**

**I158** Sch. 22 Pt. I partly in force; Sch. 22 Pt. I not in force at Royal Assent see s. 126(2); Sch. 22 Pt. I in force to the extent specified at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 2; Sch. 22 Pt. I in force to the extent specified at 1.2.1993 by S.I. 1993/16, art. 2, Schs. 3, 4; Sch. 22 Pt. I in force to the extent specified at 5.2.1993 by S.I. 1993/197, art. 2(b); Sch. 22 Pt. I in force to the extent specified at 28.4.1993 by S.I. 1993/1186, art. 2(1)(3), Schs. 1, 3; Sch. 22 Pt. I in force to the extent specified at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 3; Sch. 22 Pt. I in force to the extent specified at 1.1.1994 by S.I. 1993/2213, art. 2(1), Schs. 5, 6; Sch. 22 Pt. I in force to the extent specified at 1.1.1994 by S.I. 1993/3226, art. 2(1), Sch. 2; Sch. 22 Pt. I in force to the extent specified at 1.11.1994 by S.I. 1994/2543, art. 2(3)(b)(i)(ii)

Chapter

Short title

Extent of repeal

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*Status: Point in time view as at 29/06/2017.*

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3 & 4 Vict., c.110	Loan Societies Act 1840.	In section 27, the words “and shall be laid by him before both Houses of Parliament”.
59 & 60 Vict., c.25	Friendly Societies Act 1896.	Section 62, so far as unrepealed. Sections 64 to 67, so far as unrepealed.
13 & 14 Geo. 5 c.8.	Industrial Assurance Act 1923.	Section 2.  Section 3. Section 4. Sections 6 to 8. Section 15. Section 16.  In section 18, in subsection (1), the words “In the case of a collecting society or industrial assurance company,” paragraph (c), in paragraph (d), the words “society or” (twice), in paragraph (f), the words “society or” (three times) and in paragraph (g) the words “collecting society or” and the words from “the”, in the second place where it occurs in that paragraph, to “or”, in the second place where it so occurs, and in subsection (3) the words “in the case of a collecting society or industrial assurance company”, the words “society or” and the words from “award” to “a company,”.  In section 19, in subsection (1), the words “collecting society and”, in subsection (2), the words “society or” (twice), subsection (3)(b) and the word “or” immediately preceding it and in subsection (4), the words “or company” (twice).

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		Section 20(1)(b).
		Section 31.
		Sections 35 and 36.
		Section 38.
		Section 44.
		Section 45(2).
		Schedule 1.
19 & 20 Geo. 5 c. 28.	Industrial Assurance and Friendly Societies Act 1929.	The whole Act, so far as unrepealed.
12 Geo. 6 c.39.	Industrial Assurance and Friendly Societies Act 1948.	Sections 1 and 2.
		Section 4.
		Sections 6 and 7.
		Sections 10 and 11.
		Section 13(3).
		Section 17A(2)
		In section 23(1), at the end of paragraph (c) the word "and".
		Schedules 1 and 2.
		In Schedule 3, in paragraph (b), the entry relating to subsections (2), (4) and (5) of section 2, and paragraphs (c) and (d).
4 & 5 Eliz. 2 c.19.	Friendly Societies Act 1955.	Section 3(2).
		Section 6.
6 & 7 Eliz.2 c.27.	Industrial Assurance Act 1948 (Amendment) Act 1958.	The whole Act.
1967 c.81.	Companies Act 1967	In Schedule 6, Part II.
1969 c.12.	Industrial and Provident Societies Act 1969	In section 60(3), the words "or (2)".
1974 c.39.	Consumer Credit Act 1974.	In section 189(1), in the definition of "friendly society", the words "or a society within the meaning of the Friendly Societies Act (Northern Ireland) 1970".
1974 c.46.	Friendly Societies Act 1974.	Section 6(2).
		Section 8.

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Section 9(2) and (3).

Section 11(1).

Section 13(2).

In section 16, the words  
“society or” in each place  
they appear.

Section 17.

Sections 27 and 28.

In section 30(5),  
paragraph (a) and the words  
“paragraph (a) or”.

In section 46, subsection (1)  
(a) and (b) and  
subsection (3).

Section 53(3).

Sections 70 to 75.

In section 76, in  
subsection (1)(c), (d) and (e)  
the words “or branch” in each  
place where they occur, and,  
in subsection (5) the words  
from “and in subsection (3)”  
onwards.

Section 77.

In section 78, in  
subsection (1) the words  
“or the Chief or assistant  
registrar” and subsections (2)  
and (3).

In section 79(1), the words  
“or a magistrates’ court”.

In section 80(1),  
paragraph (c) and the word  
“and” immediately preceding  
it.

In section 82, subsection (4)  
and, in subsection (5), the  
words “to a company under  
the Companies Acts”.

Sections 88 and 89.

In section 98, subsection (1)  
(e) and, in subsection (4), the  
words “in the amalgamation

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		or transfer of engagements or".
		Section 106.
		In section 107(1), the words "national insurance and".
		Section 111(6).
		Section 115.
		In section 117(3), the words "but does not extend to Northern Ireland."
		Schedule 1.
		In Schedule 2, in paragraph 3(1) the words "the fines" and "fines" and in paragraph 14 the words from "by consent" onwards.
		Schedules 3, 5 and 6.
		In Schedule 9, paragraphs 2, 5, 6, 8 and 10(1).
1984 c.43.	Finance Act 1984.	In section 73(4), the words "section 1 of the Friendly Societies Act (Northern Ireland) 1970 and".
		In section 73(5), the words from "according" to "1970; or".
1984 c.62.	Friendly Societies Act 1984.	Section 3.
1985 c.40.	Companies Act 1985.	In section 449(3), in paragraph (j) the words "and the Registrar of Friendly Societies for Northern Ireland" and in paragraph (k) the words "and the Industrial Assurance Commission for Northern Ireland".
1986 c.53.	Building Societies Act 1986.	In section 7(4)(c)(ii), the words "or the Friendly Societies Act (Northern Ireland) 1970."
1986 c.60.	Financial Services Act 1986.	In section 139, subsections (3) and (4) and in subsection (5) the words "and section 77 of the said Act of 1974" and "and section 65

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		<p>of the Friendly Societies Act (Northern Ireland) 1970".</p> <p>In section 189(5)(c), the word "registered".</p> <p>In section 207(1), the definition of "registered friendly society".</p> <p>In Schedule 11, in paragraph 1, in the definition beginning "a member society" the words from "and for the purposes" onwards, in paragraph 26, in sub-paragraph (1), the figure "(1)", and sub-paragraph (3), paragraph 27, in paragraph 38(1)(a) the word "registered" and paragraph 43.</p> <p>In Schedule 15, in paragraph 14(1) the word "registered" and in paragraph 14(3), the words "registered", "or as the case may be, the Friendly Societies Act (Northern Ireland) 1970", "or as the case may be, section 70 of the said Act of 1970" and "or, as the case may be, section 75 of the said Act of 1970".</p>
1987 c. 22.	Banking Act 1987.	<p>In section 84(1), in the Table, in the entry beginning "The Chief Registrar of Friendly Societies", the words "the Registrar of friendly societies for Northern Ireland" and the words "or under the Financial Services Act 1986".</p> <p>In section 96(7), the words from "and in relation to" onwards.</p> <p>In Schedule 2, in paragraph 6(1), the words from "or section 1(1)(a)" onwards.</p>
1988 c.1.	Income and Corporation Taxes Act 1988.	<p>In section 461(9), the words "or section 81 of the Friendly Societies Act (Northern Ireland) 1970".</p>

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		In section 466(2), the definition of “registrar”.
		In Schedule 15, in paragraph 4(3)(b) the words from “or paragraph” to “1970”.
		In Schedule 29, paragraph 11.
1989 c. 40.	Companies Act 1989.	In section 87(4), in the Table, in the entry beginning “The Chief Registrar of friendly societies”, the words “the Registrar of Friendly Societies for Northern Ireland” and the words “the Financial Services Act 1986 or”.
...	...	...

## PART II

### NORTHERN IRELAND LEGISLATION

#### Commencement Information

**I159** Sch. 22 Pt. II partly in force; Sch. 22 Pt. II not in force at Royal Assent see s. 126(2); Sch. 22 Pt. II in force to the extent specified at 1.1.1994 by S.I. 1993/3226, art. 2, Sch. 2; Sch. 22 Pt. II in force to the extent specified at 1.11.1994 by S.I. 1994/2543 art. 2(3)(c)(i)(ii)

Chapter or Number	Short title	Extent of repeal
1967 c.5 (N.I.).	Administration of Estates (Small Payments) Act (Northern Ireland) 1967.	In section 6(1), in paragraph (b), the words “and section 58 of the Friendly Societies Act (Northern Ireland) 1970”, and paragraph (c).
1970 c.31 (N.I.).	Friendly Societies Act (Northern Ireland) 1970.	The whole Act.
S.I. 1976/1041 (N.I.14).	Births and Deaths Registration (Northern Ireland) Order 1976.	In Schedule 1, the entry relating to the Friendly Societies Act (Northern Ireland) 1970.
S.I. 1979/1574 (N.I. 13).	Industrial Assurance (Northern Ireland) Order 1979.	In Article 2(2), the definition of “the Commissioner”, and in the definition of “registered friendly society” the words from “Articles” to “7 and”.



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Articles 4(1) and (3).

Articles 5 to 11.

Article 23(2).

In Article 24, the words  
“collecting society or”.

In Article 25, in  
paragraph (1), the words  
“collecting society and”,  
in paragraph (2), the  
words “society or” and  
“collecting society or”, and  
in paragraph (4), the words  
“collecting society or” and  
“society or”.

Articles 39 and 41.

Article 49(1)(c).

Articles 50 and 51.

Article 52(1)(b) and (ii).

Schedules 1 and 2.

In Schedule 4, in paragraph  
1(a), the entry relating  
to Article 9(1) to (4), in  
paragraph 1(b), the words  
“of the Act of 1896” and  
“section 62 of the Act of  
1896” and paragraph 2.

In Schedule 5—

in paragraph 3, the words “a  
collecting society or” and  
“society or”;

in paragraph 5(1), the words  
“society or” and in head (b),  
the words “collecting society  
or”;

in paragraph 5(2), the words  
“collecting society or”;

in paragraph 6, the words  
“collecting society or” and  
the words from “the society”  
to “may be,”;

in paragraph 7, the words  
“collecting society or” and  
sub-paragraph (a).

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		In Schedule 8, the amendments of the Friendly Societies (Northern Ireland) Act 1970.
S.I. 1981/156 (N.I. 3).	Housing (Northern Ireland) Order 1981.	In Schedule 10, in paragraph 6, the word from “Friendly Societies (Northern Ireland) 1970” onwards.
		In Schedule 11, in Part II, the amendment of the Friendly Societies Act (Northern Ireland) 1970.
S.I. 1984/703 (N.I. 3).	Fines and Penalties (Northern Ireland) Order 1984.	In Schedule 3, the entries relating to the Friendly Societies Act (Northern Ireland) 1970.
S.I. 1986/1032 (N.I. 6).	Companies (Northern Ireland) Order 1986.	In Article 13(3)(j) the words “the Registrar of Friendly Societies”.
S.I. 1986/1035 (N.I. 9).	Companies Consolidation (Consequential Provisions) (Northern Ireland) Order 1986.	In Schedule 1, in Part I, the entries relating to the Friendly Societies Act (Northern Ireland) 1970.

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