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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order, which is made under sections 8 and 9 of the Electronic Communications Act 2000 (c. 7), amends various provisions of the law applying to mutual societies for the purpose of facilitating the use of electronic communications by such societies when sending notices and other documents to their members and other persons, and when conducting ballots of their members.

Article 2 amends paragraph 24 of Schedule 2 to the Building Societies Act 1986 to permit proxy forms to be sent to a member's electronic address or to be accessed by a member on a website. It also allows societies to make available an online facility for the completion and return of appointments electronically. Article 3 corrects minor errors and does not alter the meaning of the provisions.

Part 3 makes amendments to the Friendly Societies Act 1992 ("the 1992 Act"). Article 4 inserts new definitions into that Act. Article 5 amends section 104 of the 1992 Act (public file of a friendly society) and makes provision for the Financial Services Authority ("the Authority") to publish all or part of the public file of a society on its website. Article 6 particularises what the Authority may direct if a society elects to send to the Authority a document electronically.

Article 7 amends section 78 of the 1992 Act (laying and furnishing of annual accounts and reports) to make provision for societies and registered branches to make copies of their annual accounts available to members on a website.

Article 8 amends section 113 of the 1992 Act (service of notices) to provide an alternative way of serving notices on persons under the 1992 Act or the rules of a society. Subject to any provision in the rules, notices may also be sent by electronic means to an electronic address.

Articles 9 and 10 amend Schedule 3 to the 1992 Act (establishment, incorporation and constitution of incorporated friendly societies) to make provision relating to the use of the society's name on business documents that take electronic form and websites created by a society and to remove the requirement for copies of rules sent to the Authority to be printed. Article 11 amends section 63A of the Friendly Societies Act 1974 and paragraph 14 of Schedule 3 to the 1992 Act to make provision requiring the inclusion of electronic addresses provided by members for the purpose of electronic communication in the register of members maintained by societies. Article 12 amends paragraph 12 of Schedule 4 to the 1992 Act (consequences of transfer) to require former trustees to provide documents relating to the society held in electronic form to the society on its incorporation.

Article 13 amends paragraph 3 of Schedule 11 to the 1992 Act (eligibility to be elected committee member) and makes provision to permit the use of a website to notify members of information about a person's eligibility to be a committee member.

Articles 14 and 15 amend Schedule 12 to the 1992 Act (meetings and resolutions) and make provision to facilitate the use by a society of electronic communications for the service of notices of meetings either by sending the notice by electronic means to an electronic address provided by the member for the purpose, or by making it available to the member on a website.

Articles 16 and 17 amend paragraph 14 of Schedule 14 (statement by person ceasing to hold office) and Part 1 of Schedule 15 to the 1992 Act (amalgamations, transfers of engagements and conversion: supplementary) and make provision to allow the use of websites to make information available to members when auditors cease to hold office or on a transfer of a society's engagement to another body if certain conditions are satisfied.

Articles 18 to 21 make provision for the use of electronic communications in the conduct of postal ballots and when members appoint proxies, and for the use of electronic ballots. Article 18 inserts a

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definition of “ballot” into section 116 of the 1992 Act (friendly societies etc.). Article 19 provides that the rules of a friendly society may make provision for the use of electronic communications in the conduct of a postal ballot and provides that notice of the ballot may be given by making it available on a website. Article 20 inserts new paragraphs 8A and 8B into Schedule 12 of the 1992 Act to allow the conduct of electronic ballots or combined ballots of members by societies if their rules permit it.

Part 4 makes amendments to the law applying to industrial and provident societies and credit unions. Article 22 amends section 5 (use of name) and 5A (display of charitable status) of the Industrial and Provident Societies Act 1965 (“the 1965 Act”) and makes provision relating to the use of the society’s name on business documents that take electronic form and websites created by a society.

Article 23 amends section 39 of the 1965 Act (annual returns) to make provision for societies to make copies of their annual returns available to members on a website, and makes consequential amendments to section 13 of the Friendly and Industrial and Provident Societies Act 1968 (“the 1968 Act”) in respect of group accounts.

Article 24 amends section 44 of the 1965 Act (register of members and officers) to require the inclusion of electronic addresses provided by members and officers for the purpose of electronic communication to be included in the register of members and officers maintained by societies.

Article 25 amends section 2 of the 1965 Act (registration) to omit the requirement that copies of rules be printed.

Article 26 inserts a new section 72A into the 1965 Act and amends sections 11 (amendments relating to annual returns) and 14 (exemption from requirements in respect of group accounts) of the 1968 Act and particularises what the Authority may direct if a society elects to send to the Authority a document in electronic form or by electronic means.

Article 27 amends section 74 of the 1965 Act (interpretation: general) to insert new definitions into that Act of “electronic address” and state what is meant by electronic form and electronic means.

Article 28 amends section 6 of the 1968 Act (provisions as to resolutions relating to appointment and removal of auditors) to make provision for societies to make copies of auditors’ representations available to members on a website if certain conditions are satisfied.

An impact assessment of the effect that this instrument will have on the costs of business is available from the Mutuels Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is published with the Explanatory Memorandum alongside the instrument on [legislation.gov.uk](https://legislation.gov.uk).

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