
STATUTORY INSTRUMENTS

2018 No. 1039

**EXITING THE EUROPEAN UNION
FRIENDLY SOCIETIES**

**The Friendly Societies (Amendment)
(EU Exit) Regulations 2018**

<i>Sift requirements satisfied</i>	<i>11th September 2018</i>
<i>Made - - - -</i>	<i>27th September 2018</i>
<i>Laid before Parliament</i>	<i>28th September 2018</i>
<i>Coming into force in accordance with regulation 1</i>	

The requirements of paragraph 3(2) of Schedule 7 to the European Union (Withdrawal) Act 2018 ^{M1} (relating to the appropriate Parliamentary procedure for these Regulations) have been satisfied.

The Treasury make these Regulations in exercise of the powers conferred by section 8(1) of that Act.

Marginal Citations

M1 [2018 c.16.](#)

Citation and commencement

1. These Regulations may be cited as the Friendly Societies (Amendment) (EU Exit) Regulations 2018 and come into force on exit day.

Commencement Information

II Reg. 1 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Status: Point in time view as at 31/12/2020.

Changes to legislation: There are currently no known outstanding effects for the The Friendly Societies (Amendment) (EU Exit) Regulations 2018. (See end of Document for details)

PART 1

Amendment of primary legislation

Amendment of the Friendly Societies Act 1992

2. The Friendly Societies Act 1992 ^{M2} is amended as set out in this Part.

Commencement Information

I2 Reg. 2 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M2 [1992 c.40.](#)

Amendment of section 52 (applications to court)

3. In section 52 (applications to court), in subsection (2)(c) ^{M3}, omit the words “other than the United Kingdom”.

Commencement Information

I3 Reg. 3 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M3 Subsection (2)(c) was substituted by [S.I. 1994/1984](#) and amended by [S.I. 2015/575](#). Subsection (2) was amended by [S.I. 2013/496](#). Other amendments have been made to this subsection but none is relevant.

Amendment of section 72 (auditors' appointment, tenure, qualifications, etc)

4. In section 72 (auditors' appointment, tenure, qualifications, etc), in subsection (3) ^{M4}, for the words “to which the Audit Directive applies” substitute “subject to special requirements”.

Commencement Information

I4 Reg. 4 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M4 Subsection (3) was inserted by [S.I. 2017/516](#).

Amendment of section 74 (signature of auditor's report)

5. In section 74 (signature of auditor's report) ^{M5}, in subsection (3)(a), for the words “to which the Audit Directive applies” substitute “subject to special requirements”.

Commencement Information

I5 Reg. 5 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M5 Section 74 was substituted, together with sections 74A to 74C, by [S.I. 2008/1140](#). Amendments have been made to section 74 but none is relevant.

Amendment of section 74A (senior statutory auditor)

6. In section 74A (senior statutory auditor) ^{M6}, in subsection (2)(a), for the words “to which the Audit Directive applies” substitute “subject to special requirements”.

Commencement Information

I6 Reg. 6 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M6 Section 74A was substituted, together with sections 74, 74B and 74C, by [S.I. 2008/1140](#).

Amendment of section 78A (interpretation of Part 6)

7. In section 78A (interpretation of Part 6) ^{M7}—
- (a) in subsection (1) ^{M8}, omit the definition of “the Audit Directive”;
 - (b) in subsection (3) ^{M9}—
 - (i) in the words before paragraph (a), for the words “to which the Audit Directive applies” substitute “subject to special requirements” and omit “is” at the end;
 - (ii) in paragraph (a), insert “would be” before “an insurance undertaking” and after “insurance undertakings” insert “were the United Kingdom a member State”; and
 - (iii) in paragraph (b), insert “is” before “an issuer”.

Commencement Information

I7 Reg. 7 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M7 Section 78A was inserted by [S.I. 2005/2211](#).

M8 In subsection (1), the definition of “the Audit Directive” was inserted by [S.I. 2008/948](#).

M9 Subsection (3) was substituted by [S.I. 2017/516](#).

Amendment of section 86 (transfer of engagements by or to friendly society)

8. In section 86 (transfer of engagements by or to friendly society), in subsection (12) ^{M10}—
- (a) at the end of paragraph (a), omit the word “or”;
 - (b) omit paragraph (b).

Commencement Information

I8 Reg. 8 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Status: Point in time view as at 31/12/2020.

Changes to legislation: There are currently no known outstanding effects for the The Friendly Societies (Amendment) (EU Exit) Regulations 2018. (See end of Document for details)

Marginal Citations

M10 Subsection (12) was inserted by [S.I. 2001/3649](#) and amended by [S.I. 2013/496](#).

Amendment of section 87 (actuary's report as to margin of solvency)

9. In section 87 (actuary's report as to margin of solvency), in subsection (2), for paragraph (a) ^{M11} substitute—

“(a) the fulfilment of any of the engagements to be transferred will constitute the carrying on of insurance business in the United Kingdom [^{F1}or Gibraltar], and”.

Textual Amendments

F1 Words in reg. 9 inserted (31.12.2020 immediately before IP completion day) by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **7(2)**; 2020 c. 1, Sch. 5 para. 1(1)

Commencement Information

I9 Reg. 9 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M11 Paragraph (a) was substituted by [S.I. 1994/1984](#) and amended by [S.I. 1997/2849](#). Subsection (2) was amended by [S.I. 2001/2617](#) and [S.I. 2013/496](#).

Amendment of section 88 (actuary's report on transfer of long term business)

10. In section 88 (actuary's report on transfer of long term business), in subsection (1), for paragraph (a) ^{M12} substitute—

“(a) a friendly society (“a transferor society”) proposes to transfer to any person engagements the fulfilment of which will constitute the carrying on of long term business in the United Kingdom [^{F2}or Gibraltar]; or”.

Textual Amendments

F2 Words in reg. 10 inserted (31.12.2020 immediately before IP completion day) by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **7(3)**; 2020 c. 1, Sch. 5 para. 1(1)

Commencement Information

I10 Reg. 10 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M12 Paragraph (a) was substituted by [S.I. 1994/1984](#) and amended by [S.I. 1997/2849](#). Other amendments have been made to section 88 but none is relevant.

Amendment of section 117 (insurance business etc)

11. In section 117 (insurance business etc), omit subsections (6) ^{M13}, (7) ^{M14} and (9) ^{M15}.

Commencement Information

I11 Reg. 11 in force at 31.12.2020 on IP completion day, see reg. 1 and 2020 c. 1, Sch. 5 para. 1(1)

Marginal Citations

M13 Subsection (6) was substituted by S.I. 1993/2519 and amended by S.I. 1994/1984.

M14 Subsection (7) was substituted by S.I. 1993/2519.

M15 Subsection (9) was inserted by S.I. 1994/1984.

Amendment of section 119 (general interpretation)

12. In section 119 (general interpretation)—

(a) in subsection (1)—

(i) in the definition of “manager”^{M16}, in paragraph (b), for “a member State” substitute “the United Kingdom [^{F3}or Gibraltar]”;

(ii) omit the definition of “supervisory authority”^{M17};

(b) omit subsection (1C)^{M18}.

Textual Amendments

F3 Words in reg. 12(a)(i) inserted (31.12.2020 immediately before IP completion day) by The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019 (S.I. 2019/680), regs. 1(3), 7(4); 2020 c. 1, Sch. 5 para. 1(1)

Commencement Information

I12 Reg. 12 in force at 31.12.2020 on IP completion day, see reg. 1 and 2020 c. 1, Sch. 5 para. 1(1)

Marginal Citations

M16 In subsection (1), the definition of “manager” was substituted by S.I. 1994/1984.

M17 In subsection (1), the definition of “supervisory authority” was inserted by S.I. 1994/1984 and amended by S.I. 2001/3649.

M18 Subsection (1C) was inserted by S.I. 2001/3649.

Amendment of Schedule 14 (auditors: appointment, tenure, qualifications and remuneration)

13. In Schedule 14 (auditors: appointment, tenure, qualifications and remuneration)—

(a) in the italic heading before paragraph 3A^{M19}, for the words “to which the Audit Directive applies” substitute “in relation to friendly societies subject to special requirements”;

(b) in paragraph 3A(1) (appointment as auditor), for the words “to which the Audit Directive applies” substitute “subject to special requirements”;

(c) in paragraph 10A(1)^{M20} (removal of auditor on improper grounds), for the words “to which the Audit Directive applies” substitute “subject to special requirements”.

Commencement Information

I13 Reg. 13 in force at 31.12.2020 on IP completion day, see reg. 1 and 2020 c. 1, Sch. 5 para. 1(1)

Status: Point in time view as at 31/12/2020.

Changes to legislation: There are currently no known outstanding effects for the The Friendly Societies (Amendment) (EU Exit) Regulations 2018. (See end of Document for details)

Marginal Citations

M19 Paragraph 3A was inserted by [S.I. 2008/948](#).

M20 Paragraph 10A was inserted by [S.I. 2008/1140](#) and sub-paragraph (1) was amended by [S.I. 2017/516](#). Other amendments have been made to paragraph 10A but none is relevant.

Amendment of Schedule 14A (appointment and removal of auditors: societies to which audit directive applies)

14. In Schedule 14A ^{M21} (appointment and removal of auditors: societies to which audit directive applies)—

- (a) in the heading, for the words “to which Audit Directive applies” substitute “ subject to special requirements ”;
- (b) in paragraph 1(1) (introductory), for the words “to which the Audit Directive applies” substitute “ subject to special requirements ”;
- (c) in paragraph 7 (interpretation)—
 - (i) the existing text becomes sub-paragraph (1);
 - (ii) in that sub-paragraph, for the definition of “audit committee”, substitute—
 - ““audit committee” means a body which performs—
 - (a) the functions referred to in—
 - (i) rule 7.1.3 of the Disclosure Guidance and Transparency Rules sourcebook ^{M22} made by the Financial Conduct Authority under the Financial Services and Markets Act 2000 ^{M23}; or
 - (ii) rule 2.4 of the Audit Committee Part of the Rulebook ^{M24} made by the Prudential Regulation Authority under that Act; or
 - (b) equivalent functions;”;
 - (iii) after that sub-paragraph, insert—
 - “(2) For the purposes of the definition of “audit committee”, references to rules made by the Prudential Regulation Authority or the Financial Conduct Authority are to those rules as they have effect on [^{F4}IP completion day].”.

Textual Amendments

F4 Words in reg. 14(c)(iii) substituted (30.12.2020) by [The Financial Services and Economic and Monetary Policy \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1301\)](#), regs. 1, 3, Sch. para. 1(a)

Commencement Information

I14 Reg. 14 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M21 Schedule 14A was inserted by [S.I. 2017/516](#).

M22 Sourcebooks made by the Financial Conduct Authority are available on <https://www.handbook.fca.org.uk/handbook> and copies of the rules referred to can be obtained from the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, where they are also available for inspection.

M23 [2000 c.8](#).

M24 The Rulebook is available on <http://www.prarulebook.co.uk> and copies of the rules referred to can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA, where they are also available for inspection.

Amendment of Schedule 15 (amalgamations, transfers of engagements and conversion: supplementary)

15.—(1) Schedule 15 (amalgamations, transfers of engagements and conversion: supplementary) is amended as follows.

(2) In paragraph 6—

- (a) omit sub-paragraph (1A) ^{M25};
- (b) in sub-paragraph (3)(b) ^{M26}, omit the word “and” at the end of sub-paragraph (i) and sub-paragraph (ii).

(3) In paragraph 11 ^{M27}, omit the word “or” at the end of paragraph (a) and paragraph (b).

(4) In paragraph 15 ^{M28}—

- (a) omit sub-paragraph (1)(c)(ii) ^{M29} and (iii) ^{M30};
- (b) in sub-paragraph (1)(c)(vi) ^{M31}, for the words from “required to” to the end substitute “supervised in accordance with rule 3.1 to 3.3 and rule 6.4 and 6.5 of the Third Country Branches Part of the Rulebook made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000.”;
- (c) after sub-paragraph (1) insert—

“(1A) For the purposes of sub-paragraph (1)(c)(vi), references to rules made by the Prudential Regulation Authority are to those rules as they have effect on [^{F5}IP completion day].”;
- (d) in sub-paragraph (2)—
 - (i) at the end of paragraph (b) ^{M32} insert “ and ”;
 - (ii) at the end of paragraph (c) omit the word “and”;
 - (iii) omit paragraph (d) ^{M33};
- (e) omit sub-paragraph (3) ^{M34};
- (f) omit sub-paragraph (6)(a) ^{M35}.

(5) In paragraph 15A ^{M36}—

- (a) omit sub-paragraph (1)(c)(ii) ^{M37} and (iii) ^{M38};
- (b) in sub-paragraph (1)(c)(v) ^{M39}, for the words from “required to” to the end substitute “supervised in accordance with rule 3.1 to 3.3 and rule 6.4 and 6.5 of the Third Country Branches Part of the Rulebook made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000 ^{M40}.”;
- (c) after sub-paragraph (1) insert—

“(1A) For the purposes of sub-paragraph (1)(c)(v), references to rules made by the Prudential Regulation Authority are to those rules as they have effect on [^{F6}IP completion day].”;
- (d) in sub-paragraph (2) ^{M41}, omit the word “and” at the end of paragraph (b) and paragraph (c);
- (e) omit sub-paragraph (3) ^{M42};

Status: Point in time view as at 31/12/2020.

Changes to legislation: There are currently no known outstanding effects for the The Friendly Societies (Amendment) (EU Exit) Regulations 2018. (See end of Document for details)

- (f) omit sub-paragraph (6)(a) ^{M43}.
- (6) Omit the italic heading before paragraph 16A (rights of policy holders) and paragraphs 16A ^{M44} and 16B ^{M45}.
- (7) Omit paragraph 18(1) ^{M46} (interpretation).

Textual Amendments

- F5** Words in reg. 15(4)(c) substituted (30.12.2020) by [The Financial Services and Economic and Monetary Policy \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1301\)](#), regs. 1, 3, Sch. para. 1(b)(i)
- F6** Words in reg. 15(5)(c) substituted (30.12.2020) by [The Financial Services and Economic and Monetary Policy \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1301\)](#), regs. 1, 3, Sch. para. 1(b)(ii)

Commencement Information

- I15** Reg. 15 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

- M25** Sub-paragraph (1A) was inserted by [S.I. 1994/1984](#) and amended by [S.I. 1997/2849](#) and [S.I. 2013/496](#).
- M26** Sub-paragraph (3)(b) was substituted by [S.I. 1994/1984](#) and amended by [S.I. 2013/496](#). Sub-paragraph (3)(c) was also amended by [S.I. 2013/496](#).
- M27** Paragraph 11 was substituted by [S.I. 2001/2617](#) and amended by [S.I. 2013/496](#).
- M28** Paragraph 15 was substituted by [S.I. 1994/1984](#).
- M29** Sub-paragraph (1)(c)(ii) was substituted by [S.I. 2001/3649](#).
- M30** Sub-paragraph (1)(c)(iii) was substituted by [S.I. 2001/3649](#).
- M31** Sub-paragraph (1)(c)(vi) was amended by [S.I. 2015/575](#).
- M32** Sub-paragraph (2)(b) was amended by [S.I. 2001/2617](#). Other amendments have been made to sub-paragraph (2) by that S.I. and [S.I. 2013/496](#).
- M33** Sub-paragraph (2)(d) was amended by [S.I. 1997/2849](#) and [S.I. 2013/496](#).
- M34** Sub-paragraph (3) was amended by [S.I. 1997/2849](#) and [S.I. 2013/496](#).
- M35** Sub-paragraph (6) was substituted by [S.I. 2001/3649](#) and amended by [S.I. 2013/496](#).
- M36** Paragraph 15A was inserted by [S.I. 1993/2519](#) and substituted by [S.I. 1994/1984](#).
- M37** Sub-paragraph (1)(c)(ii) was substituted by [S.I. 2001/3649](#).
- M38** Sub-paragraph (1)(c)(iii) was substituted by [S.I. 2001/3649](#).
- M39** Sub-paragraph (1)(c)(v) was amended by [S.I. 2015/575](#).
- M40** [2000 c.8](#).
- M41** Sub-paragraph (2)(a) was amended by [S.I. 2001/2617](#) and the words before sub-paragraph (2)(a) were amended by [S.I. 2013/496](#). Sub-paragraph (2)(c) was amended by [S.I. 1997/2849](#) and [S.I. 2013/496](#).
- M42** Sub-paragraph (3) was amended by [S.I. 1997/2849](#) and [S.I. 2013/496](#).
- M43** Sub-paragraph (6) was substituted by [S.I. 2001/3649](#) and amended by [S.I. 2013/496](#).
- M44** Paragraph 16A was inserted by [S.I. 1994/1984](#) and amended by [S.I. 1997/2849](#) and [S.I. 2013/496](#).
- M45** Paragraph 16B was inserted by [S.I. 1994/1984](#) and amended by [S.I. 1997/2849](#) and [S.I. 2013/496](#).
- M46** Paragraph 18 was substituted by [S.I. 1994/1984](#) and sub-paragraph (1) was amended by [S.I. 2001/3649](#). Paragraph 18 was also amended by [S.I. 1997/2849](#).

PART 2

Amendment of subordinate legislation

Amendment of the Friendly Societies (Accounts and Related Provisions) Regulations 1994

16. In the Friendly Societies (Accounts and Related Provisions) Regulations 1994 ^{M47}, in Schedule 4 (notes to annual accounts) ^{M48}, for paragraph 28(1) substitute—

“(1) Subject to sub-paragraph (2) below, there must be disclosed as regards both general and long term business the total gross direct insurance premiums resulting from contracts concluded by the society in the United Kingdom and other countries.”.

Commencement Information

I16 Reg. 16 in force at 31.12.2020 on IP completion day, see reg. 1 and [2020 c. 1, Sch. 5 para. 1\(1\)](#)

Marginal Citations

M47 [S.I. 1994/1983](#).

M48 Amendments have been made to Schedule 4 but none is relevant.

Rebecca Harris
Paul Maynard
Two of the Lords Commissioners of Her
Majesty's Treasury

Status: Point in time view as at 31/12/2020.

Changes to legislation: There are currently no known outstanding effects for the The Friendly Societies (Amendment) (EU Exit) Regulations 2018. (See end of Document for details)

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made in exercise of the powers in section 8(1) of the European Union (Withdrawal) Act 2018 (c.16) in order to address failures of retained EU law to operate effectively and other deficiencies (in particular under paragraphs (d), (e) and (g) of section 8(2) of the Act) arising from the withdrawal of the United Kingdom from the European Union.

These Regulations make amendments to legislation in the field of friendly societies and, in particular, amend legislation relating to friendly societies' accounts and auditing requirements, and amalgamations and transfers of engagements. Part 1 amends primary legislation and Part 2 amends subordinate legislation.

These Regulations refer to the Rulebook made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000 (c.8). The Rulebook is available on <http://www.prarulebook.co.uk> and copies of the rules referred to can be obtained from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA, where they are also available for inspection.

These Regulations also refer to a sourcebook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000. Sourcebooks made by the Financial Conduct Authority are available on <https://www.handbook.fca.org.uk/handbook> and copies of the rules referred to can be obtained from the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, where they are also available for inspection.

An impact assessment of the effect that this instrument, and certain other instruments made by HM Treasury under the European Union (Withdrawal) Act 2018, will have on the costs of business, the voluntary sector and the public sector is available from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is published alongside this instrument at www.legislation.gov.uk.

Status:

Point in time view as at 31/12/2020.

Changes to legislation:

There are currently no known outstanding effects for the The Friendly Societies (Amendment) (EU Exit) Regulations 2018.