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STATUTORY INSTRUMENTS

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**1996 No. 1669**

**The Financial Institutions (Prudential  
Supervision) Regulations 1996**

**PART V**

**FRIENDLY SOCIETIES**

**Registration and cancellation of registration**

**14.**—(1) In subsection (2) of section 26 of the Friendly Societies Act (cancellation of registration), after paragraph (b) there shall be inserted “or

(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,”

(2) After sub-paragraph (4) of paragraph 1 of Schedule 3 to that Act (establishment, incorporation and constitution of incorporated friendly societies) there shall be inserted the following sub-paragraph—

“(5) The central office shall not register a society which, if it were registered and authorised, would be a society to which section 37(2) or (3) above applies if the central office is satisfied that the principal place of business of the society is to be situated outside the United Kingdom; and in this sub-paragraph “authorised” has the same meaning as in Part IV of this Act.”

(3) In sub-paragraph (2) of paragraph 2 of that Schedule—

(a) the word “and” at the end of paragraph (b) shall be omitted; and

(b) after paragraph (c) there shall be inserted

“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.”

(4) After paragraph (c) of section 91(1) of the Friendly Societies Act 1974(1) (cancellation and suspension of registration) there shall be inserted the following paragraph—

“(d) in the case of a society to which section 37(2) or (3) of the 1992 Act applies, if he is satisfied that the principal place of business of the society is outside the British Islands.”

**Refusal of authorisation by Commission**

**15.**—(1) After subsection (1) of section 34 of the Friendly Societies Act (grant of unconditional or conditional authorisation) there shall be inserted the following subsections—

“(1A) The Commission shall refuse to grant authorisation to a society which is or, if authorisation were granted, would be a society to which section 37(2) or (3) below applies

if it appears to the Commission that the principal place of business of the society is outside the United Kingdom.

(1B) The Commission shall also refuse to grant authorisation to a society which is or, if authorisation were granted, would be a society to which section 37(2) or (3) below applies if it appears to the Commission that—

- (a) the society is an undertaking which is closely linked with any person; and
- (b) the society’s close links with that person, or any matters relating to any non-EEA laws or administrative provisions to which that person is subject, are such as would prevent the effective exercise by the Commission of its functions under this Act in relation to the society;

and in this subsection “non-EEA laws” means laws of a country or territory outside the European Economic Area and “non-EEA administrative provisions” shall be construed accordingly.”and at the beginning of each of subsections (2) and (4) of that section there shall be inserted the words “Subject to subsections (1A) and (1B) above,”.

(2) In each of subsections (8) and (9) of that section, for the words “Subsections (2) to (7) above” there shall be substituted the words “Subsections (1A) to (7) above”.

**Disclosure of information by Commission**

**16.**—(1) For the purpose of facilitating references to them, the entries in the Table in subsection (5) of section 64 of the Friendly Societies Act (exceptions from restrictions on disclosure) shall be numbered 1 to 16.

(2) In that Table—

- (a) for entry 10 there shall be substituted the following entry—

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“**10** A recognised supervisory or qualifying Functions as such a body or functions in body (within the meaning of Part II of relation to disciplinary proceedings against the Companies Act 1989 or Part III of the auditors.”  
Companies (Northern Ireland) Order 1990).

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- (b) for entry 14 there shall be substituted the following entry—

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“**14** A recognised professional body (within Functions in its capacity as such a body under the meaning of section 391 of the Insolvency that Act or that Order or functions in relation Act 1986 or Article 350 of the Insolvency to disciplinary proceedings against insolvency practitioners (within the meaning of that Act or that Order).”;

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and

- (c) after entry 16 there shall be inserted the following entries—

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“**17** An actuary exercising functions under Those functions.  
this Act.

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**18** The Institute of Actuaries or the Faculty Supervisory functions in relation to actuaries of Actuaries. exercising functions under this Act.”

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(3) In relation to information relating to the business or other affairs of friendly societies to which neither subsection (2) nor (3) of section 37 of the Friendly Societies Act applies, section 64 of that Act shall have effect without the amendments made by paragraph (2) above.

### **Communication by auditor etc. with Commission**

17.—(1) In subsection (8) of section 79 of the Friendly Societies Act (auditors' duties to Commission and related rights), for the words “The auditors of a friendly society” there shall be substituted the words

“The following, namely—

- (a) the auditors of a friendly society;
- (b) an accountant appointed to make a report under section 62(3)(d) above by a friendly society to which section 37(2) or (3) above applies; and
- (c) (i) they are also the auditors of the society; or  
(ii) one of them is an accountant appointed by the society to make a report under section 62(3)(d) above.”.

(2) In subsection (9) of that section—

- (a) for the words “the auditors of friendly societies” there shall be substituted the words “such persons as are mentioned in paragraph (a), (b) or (c) of subsection (8) above”; and
- (b) for the words “any auditor” there shall be substituted the words “any such person”.