

**Reprint
as at 1 December 2016**



**Securities Act (Friendly Societies) Exemption Notice 2011
(SR 2011/61)**

Securities Act (Friendly Societies) Exemption Notice 2011: revoked, on 1 December 2016, pursuant to Schedule 1 clause 26 of the Financial Markets Conduct Regulations 2014 (LI 2014/326).

Pursuant to the Securities Act 1978, the Securities Commission gives the following notice (to which is appended a statement of reasons of the Securities Commission).

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Note

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made in this official reprint.
Note 4 at the end of this reprint provides a list of the amendments incorporated.

This notice is administered by the Financial Markets Authority.

Notice

1 Title

This notice is the Securities Act (Friendly Societies) Exemption Notice 2011.

2 Commencement

This notice comes into force on the day after the date of its notification in the *Gazette*.

3 Expiry

This notice expires on the close of 30 September 2017.

Clause 3: amended, on 29 March 2013, by clause 4 of the Securities Act (Friendly Societies) Exemption Amendment Notice 2013 (SR 2013/57).

4 Interpretation

- (1) In this notice, unless the context otherwise requires,—

Act means the Securities Act 1978

friendly society means a friendly society registered under the Friendly Societies and Credit Unions Act 1982, and named in the Schedule

Regulations means the Securities Regulations 2009.

- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 Exemptions

- (1) Every friendly society and every person acting on its behalf are exempted from the following in respect of any participatory securities of which the friendly society is the issuer:

- (a) sections 37(2) and (3), 51, 52, and 53E of the Act; and
- (b) section 54 of the Act; and
- (c) regulation 41 of the Regulations; and
- (d) clauses 3 and 4 of Schedule 17 of the Regulations; and
- (e) clauses 7(5) and (6), 8, and 16 of Schedule 3 of the Regulations; and
- (f) clauses 6, 10, and 19 to 23 of Schedule 3 of the Regulations; and
- (g) regulation 18(1)(c) of the Regulations and clause 25 of Schedule 3 of the Regulations.

- (2) Every friendly society and every person acting on its behalf are exempted from the following in respect of any life insurance policies of which the friendly society is the issuer:

- (a) sections 51, 52, and 53E of the Act; and

- (b) regulation 18(1)(e) of the Regulations; and
- (c) clause 12(4) to (6) of Schedule 5 of the Regulations.

6 Statements of securities held

The exemption in clause 5(1)(b) is subject to the condition that the friendly society sends, without fee, to a holder of participatory securities of which the friendly society is the issuer, a written statement that properly evidences the amount, nature, and ownership of all participatory securities held by the security holder—

- (a) within 5 working days of receiving a request for the statement from the holder of participatory securities; and
- (b) within 1 month of each allotment of a participatory security to the holder of participatory securities.

7 Profits of friendly society

The exemption in clause 5(1)(c) is subject to the condition that the registered prospectus relating to the participatory securities contains a brief description of the terms relating to the use or distribution of any profits of the friendly society.

8 Deed of participation

The exemption in clause 5(1)(d) is subject to the condition that the deed of participation relating to the participatory securities provides—

- (a) that the friendly society has the following duties:
 - (i) to carry out its obligations under the terms of the offer of participatory securities, the provisions of the Friendly Societies and Credit Unions Act 1982, and the rules of the friendly society that are registered under that Act; and
 - (ii) to use its best endeavours and skill to ensure that the affairs of the friendly society are conducted in a proper and efficient manner; and
 - (iii) to use due diligence and vigilance in the exercise and performance of its functions, powers, and duties:
- (b) that the friendly society must, at the request of the statutory supervisor or of persons holding not less than one-tenth of the number of the participatory securities (or a particular class of the participatory securities), summon a meeting of the holders of those participatory securities (or particular class of participatory securities) for the purpose of giving to the statutory supervisor their opinions or directions in relation to the exercise of the statutory supervisor's powers:
- (c) that the statutory supervisor may on its own volition, and must at the request of persons holding not less than one-tenth of the number of the participatory securities (or a particular class of the participatory secur-

ities), summon a meeting of the holders of the participatory securities (or particular class of participatory securities) for the purpose of giving to the statutory supervisor their opinions or directions in relation to the exercise of the statutory supervisor's powers:

- (d) that every meeting summoned under either paragraph (b) or (c)—
 - (i) must be summoned by sending by post a notice, specifying the time and place of the meeting, to every holder of the participatory securities (or particular class of participatory securities) at that person's last known address not later than 14 days before the date of the proposed meeting; and
 - (ii) must be chaired by a person nominated by the statutory supervisor or any other person that may be appointed as the chairperson of the meeting by the holders of the participatory securities (or particular class of participatory securities) present at the meeting.

9 Registered prospectus

- (1) The exemption in clause 5(1)(f) is subject to the condition that the registered prospectus relating to the participatory securities contains all of the information, statements, and other matters specified in the following that are applicable:
 - (a) clause 6 of Schedule 3 of the Regulations but applied as if the reference to—
 - (i) the scheme were a reference to the friendly society; and
 - (ii) the statement of financial position contained or referred to in the prospectus under clause 20 were a reference to the statement of financial position contained or referred to in the prospectus under paragraph (c) of this subclause; and
 - (iii) any interim financial statements set out in the prospectus under clause 21 were a reference to any interim financial statements set out in the prospectus under paragraph (d) of this subclause:
 - (b) clause 10 of Schedule 3 of the Regulations but applied as if the reference to a statement of financial position contained or referred to in the prospectus under clause 20 were a reference to a statement of financial position contained or referred to in the prospectus under paragraph (c) of this subclause:
 - (c) clause 20 of Schedule 3 of the Regulations but applied as if the references to the scheme were references to the friendly society:
 - (d) clause 21 of Schedule 3 of the Regulations but applied as if the references to—
 - (i) the scheme were references to the friendly society; and

- (ii) the financial statements contained or referred to in the prospectus under clause 20 were references to the financial statements contained or referred to in the prospectus under paragraph (c) of this subclause:
 - (e) clause 22 of Schedule 3 of the Regulations but applied as if the reference to the financial statements for the scheme referred to in clause 20(1) were a reference to the financial statements for the friendly society that are referred to in the prospectus under paragraph (c) of this subclause:
 - (f) clause 23 of Schedule 3 of the Regulations but applied as if the reference to the financial statements referred to in the prospectus under clause 20(1) were a reference to the financial statements referred to in the prospectus under paragraph (c) of this subclause.
- (2) An interim statement of financial position is required under subclause (1)(d) only if the directors of the friendly society consider it necessary or desirable (after having regard to section 37A(1)(c) of the Act).

10 Audit report

- (1) The exemption in clause 5(1)(g) is subject to the condition that the registered prospectus relating to the participatory securities contains all of the information, statements, and other matters specified in clause 25 of Schedule 3 of the Regulations that are applicable but applied as if references to—
- (a) the scheme were references to the friendly society; and
 - (b) the financial statements contained or referred to in the prospectus under clause 20 were references to the financial statements contained or referred to in the prospectus under clause 9(1)(c) of this notice; and
 - (c) the amounts stated under clauses 6 and 10(2) and (3) were references to the amounts stated under clause 9(1)(a) and (b) of this notice.
- (2) The exemption in clause 5(1)(g) is subject to the further condition that every prospectus relating to the participatory securities delivered to the Registrar for registration under the Act by, or on behalf of, the friendly society has attached to it, or is accompanied by,—
- (a) the signed auditor's report required to be contained in the registered prospectus under subclause (1); and
 - (b) a statement, dated not earlier than 7 days before the specified date and signed by the auditor (either in the auditor's own name or in that of the auditor's firm), that the auditor consents to the report appearing in the registered prospectus in the form in which it appears.

11 Terms of life insurance policies

The exemption in clause 5(2)(b) is subject to the condition that every prospectus relating to life insurance policies of the friendly society delivered to the Registrar for registration under the Act has attached to it, or is accompanied by,

a statement of all the terms of the life insurance policies to which the prospectus relates (other than terms implied by law), whether those terms are set out in the friendly society's rules or elsewhere.

12 Securities Act (Friendly Societies) Exemption Notice 2002 revoked

The Securities Act (Friendly Societies) Exemption Notice 2002 (SR 2002/291) is revoked on the close of 31 March 2011.

13 Transitional provisions

- (1) If, before 1 July 2010, a friendly society offered participatory securities or life insurance policies in reliance on the Securities Act (Friendly Societies) Exemption Notice 2002 under a prospectus that was registered before that date, the friendly society may continue to rely on that notice in respect of securities offered under that prospectus (as if that notice continued in force after 31 March 2011).
- (2) If, on or before 31 March 2011, a friendly society offered participatory securities or life insurance policies in reliance on the Securities Act (Friendly Societies) Exemption Notice 2002 and the Securities Act (Transition to Securities Regulations 2009) Exemption Notice 2010 under a prospectus that is registered on or before that date, the friendly society may continue to rely on those notices in respect of securities offered under that prospectus (as if those notices continued in force after 31 March 2011).
- (3) In this clause, **friendly society** has the same meaning as in the Securities Act (Friendly Societies) Exemption Notice 2002.

Schedule Friendly societies

cl 4(1)

Manchester Unity Friendly Society
The Hibernian Catholic Benefit Society

Dated at Wellington this 22nd day of March 2011.

The Common Seal of the Securities Commission was affixed in the presence of:

[Seal]

J Diplock,
Chairperson.

Statement of reasons

Note: The following statement of reasons should be read in conjunction with the statement(s) of reasons appended to the:

- **Securities Act (Friendly Societies) Exemption Amendment Notice 2013**

This notice, which comes into force on the day after the date of its notification in the *Gazette* and expires on 30 September 2012, replaces the Securities Act (Friendly Societies) Exemption Notice 2002 (the **2002 notice**).

This notice exempts, subject to conditions, the friendly societies named in the *Schedule* from various provisions of the Securities Act 1978 (the **Act**) and the Securities Regulations 2009 (the **2009 regulations**) in respect of participatory securities and life insurance policies issued by them, including—

- section 37(2) and (3) of the Act in respect of participatory securities (which relate to the minimum amount of subscriptions being specified in the prospectus and a statement relating to subscriptions being received by, or on behalf of, the statutory supervisor):
- sections 51, 52, 53E, and 54 of the Act (which relate to registers of securities, inspection of those registers, the auditing of financial statements, and the issue of certificates evidencing participatory securities):
- regulation 41 of the 2009 regulations and certain other requirements of the 2009 regulations that relate to the contents of deeds of participation:
- various requirements of the 2009 regulations relating to the content of a registered prospectus:
- certain requirements of the 2009 regulations relating to the supply of documents to the Registrar on registration of the prospectus.

The Securities Commission considers that it is appropriate to grant the exemptions because,—

- to a large extent, the exempted requirements are duplicated in the Friendly Societies and Credit Unions Act 1982. This is reflected in the fact that the exemptions are conditional on the friendly society carrying out its obligations under the terms of the offer, the provisions of the Friendly Societies and Credit Unions Act 1982, and the rules of the friendly society:
- the conditional exemption from the presentation of financial statements reflects the fact that friendly societies do not prepare their accounts on a separate fund-by-fund basis but complete accounts in respect of their operations as a whole:
- the notice continues exemptions from provisions of the Act previously provided in the 2002 notice, and provides for existing exemptions from provisions of the Securities Regulations 1983 to be provided to equivalent effect from

relevant provisions of the 2009 regulations. While the changes in the 2009 regulations will reduce costs for issuers and improve information for investors, they do not attempt to tailor disclosure requirements specifically for all of the circumstances to which securities law requirements apply. Accordingly, exemptions to equivalent effect continue to be required, and remain appropriate in light of the policy of exemptions for friendly societies:

- the transitional provisions reduce the short-term compliance costs resulting from the regulatory changes for issuers that have previously relied on the 2002 notice. These issuers may continue to rely on the 2002 notice in respect of securities offered under an existing registered prospectus.

Note: The preceding statement of reasons should be read in conjunction with the statement(s) of reasons appended to the:

- **Securities Act (Friendly Societies) Exemption Amendment Notice 2013**

Issued under the authority of the Legislation Act 2012.
Date of notification in *Gazette*: 24 March 2011.

Reprints notes

1 *General*

This is a reprint of the Securities Act (Friendly Societies) Exemption Notice 2011 that incorporates all the amendments to that notice as at the date of the last amendment to it.

2 *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

3 *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

4 *Amendments incorporated in this reprint*

Financial Markets Conduct Regulations 2014 (LI 2014/326): Schedule 1 clause 26
Securities Act (Friendly Societies) Exemption Amendment Notice 2013 (SR 2013/57)