



**SECURITIES ACT (FRIENDLY SOCIETIES) EXEMPTION NOTICE  
1997**

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PURSUANT to the Securities Act 1978, the Securities Commission gives the following notice.

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**NOTICE**

**1. Title, commencement, and expiry**—(1) This notice may be cited as the Securities Act (Friendly Societies) Exemption Notice 1997.

(2) This notice comes into force on 1 October 1997.

(3) This notice expires on the close of 30 September 2002.

**2. Interpretation**—(1) In this notice, unless the context otherwise requires,—

“Act” means the Securities Act 1978:

“Friendly society” means a friendly society registered pursuant to the Friendly Societies and Credit Unions Act 1982, and named in the Schedule:

“Regulations” means the Securities Regulations 1983.

(2) Any term or expression that is not defined in this notice, but that is defined in the Act or the Regulations, has the meaning given to it by the Act or the Regulations.

**3. Exemptions**—(1) Every friendly society, and every person acting on its behalf, are exempted from—

(a) Sections 37 (2) and (3), 37A (2), 51, 52, and 53E of the Act; and

(b) Section 54 of the Act; and

(c) Regulation 25 of the Regulations; and

(d) Clauses 3 and 4 of the Seventh Schedule of the Regulations; and

(e) Clauses 7 (5) and (6), 8, and 17 of the Third Schedule of the Regulations; and

(f) Clauses 6 and 21 to 34 of the Third Schedule of the Regulations; and

(g) Regulation 7 (1) (b), and clause 38 of the Third Schedule of the Regulations—

in respect of any participatory securities of which the friendly society is the issuer.

(2) Every friendly society, and every person acting on its behalf, are exempted from—

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

(b) Regulation 7 (1) (d) of the Regulations; and

(c) Clause 12 (4) to (6) of Schedule 3B of the Regulations—  
in respect of any life insurance policies of which the friendly society is the issuer.

**4. Statements of securities held**—The exemption granted by clause 3 (1) (b) is subject to the condition that the friendly society sends, or causes to be sent, to each holder of participatory securities of which the friendly society is the issuer, at any time on request and at least once within 1 month of each allotment of a security, a written statement that properly evidences the amount, nature, and ownership of all such participatory securities held by the security holder.

**5. Terms of life insurance policies**—The exemption granted by clause 3 (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 have endorsed thereon, or attached thereto, or be accompanied by, a statement of all the terms of the life insurance policies to which the prospectus relates, whether those terms are set out in the friendly society's rules or elsewhere.

**6. Profits of friendly society**—The exemption granted by clause 3 (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.

**7. Deed of participation**—The exemption granted by clause 3 (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 to 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 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 from time to time at the request of the statutory supervisor, or of persons holding not less than one-tenth in 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 its powers:

(c) That the statutory supervisor may on its own volition, and shall at the request of persons holding not less than one-tenth in number of the participatory securities (or a particular class of the participatory securities), 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 its powers:

- (d) That every meeting summoned under either of paragraphs (b) and (c)—
- (i) Shall 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) Shall be chaired by a person nominated by the statutory supervisor or such other person as may be appointed in that behalf by the holders of the participatory securities (or particular class of participatory securities) present at the meeting.

**8. Registered prospectus**—(1) The exemption granted by clause 3 (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—

- (a) Clause 7 of the Second Schedule of the Regulations; and
- (b) Clauses 16 to 32 of the Second Schedule of the Regulations—  
in respect of the friendly society, which clauses shall be read as if references to the term “debt securities” were references to participatory securities and references to the term “the group” were references to the friendly society.

(2) Subclause (1) (b) does not apply if—

- (a) The latest financial statements for the friendly society that have been registered under the Financial Reporting Act 1993 contain or are accompanied by financial statements for the friendly society containing the information required to be contained in the registered prospectus by clauses 16 to 32 of the Second Schedule of the Regulations; and
- (b) The registered prospectus relating to the participatory securities refers to those latest financial statements and states the most recent accounting period covered by those statements.

**9. Audit report**—(1) The exemption granted by clause 3 (1) (g) is subject to the following terms and conditions:

- (a) That every registered prospectus relating to the participatory securities distributed by or on behalf of the friendly society contains a copy of a report by a member of the Institute of Chartered Accountants of New Zealand who holds a certificate of public practice and who is qualified for appointment as an auditor of a friendly society under section 63 of the Friendly Societies and Credit Unions Act 1982 signed by that auditor (either in the auditor's own name or in that of the auditor's firm), stating—
  - (i) The work done by the auditor; and
  - (ii) The scope and limitations of the audit, and
  - (iii) The existence of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in, the friendly society; and
  - (iv) Whether the auditor has obtained all information and explanations that he or she has required; and

(v) Whether, in the auditor's opinion, as far as appears from an examination of them, proper accounting records have been kept by the friendly society; and

(vi) Whether or not, in the auditor's opinion, the financial statements that are required by clauses 16 to 31 of the Second Schedule of the Regulations (as required pursuant to clause 8) and that are required to be audited—

(A) Comply with the Regulations; and

(B) Subject to the Regulations, comply with generally accepted accounting practice; and

(C) Give a true and fair view of the state of affairs of the friendly society as at the date thereof and of the results and cash flows of the friendly society for the period to which they relate, taking into account information or explanations of the kind referred to in section 14 (2) of the Financial Reporting Act 1993 (if any)—

and, if they do not, the respects in which they do not; and

(vii) Whether the amounts stated pursuant to clauses 7 (2) and 7 (3) of the Second Schedule of the Regulations (as required by clause 8) and clauses 10 (2) and 10 (3) of the Third Schedule of the Regulations, have been taken from audited financial statements, and whether or not the amounts have been correctly taken:

(b) 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 endorsed on it, or attached to it, or is accompanied by—

(i) The signed auditor's report required to be contained in the registered prospectus pursuant to paragraph (a); and

(ii) 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.

(2) If financial statements are referred to in a registered prospectus under clause 8 (2), a report under subclause (1) is not required to contain information of the kinds referred to in subparagraphs (i) to (vi) of paragraph (a) of that subclause to the extent that that information is contained in a report by an auditor (being an auditor of a kind referred to in subclause (1) (a)) that is registered under the Financial Reporting Act 1993.

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## SCHEDULE

Independent Order of Odd Fellows of New Zealand Friendly Society  
Manchester Unity Friendly Society

Dated at Wellington this 29th day of September 1997.

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

[L.S.]

M. R. H. WEBB,  
Member.

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EXPLANATORY NOTE

*This note is not part of the notice, but is intended to indicate its general effect.*

This notice, which comes into force on 1 October 1997 and expires on 30 September 2002, replaces the Securities Act (Friendly Societies) Exemption Notice 1995. The notice is required as a result of the coming into force, on 1 October 1997, of new disclosure and other requirements under the Securities Act 1978.

This notice exempts (subject to conditions) the friendly societies named in the Schedule from various provisions of the Securities Act 1978 and Securities Regulations 1983 in respect of participatory securities and life insurance policies issued by them.

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Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 30 September 1997.

This notice is administered in the Securities Commission.