

# Mutual Societies Application Form



**FSA**®

## Transfer of Engagements Notes

Please take time to read these notes carefully. They will help you to fill in the form correctly.

These notes are for information only. They are not a full statement of legal obligations under the relevant legislation. The society or credit union may wish to seek legal advice on how to comply with the legislation.

If after reading these notes you need more help please:

- check our website for more information on Mutual Societies: [www.fsa.gov.uk/Pages/Doing/small\\_firms/MSR/index.shtml](http://www.fsa.gov.uk/Pages/Doing/small_firms/MSR/index.shtml);
- email [mutual.societies@fsa.gov.uk](mailto:mutual.societies@fsa.gov.uk); or
- call the Contact Centre 0845 606 9966 (choose option 3).

### **Terms in this form**

'FSA', 'us' and 'we' refer to the Financial Services Authority.

'You' refers to the person signing the form on behalf of the society, credit union or company.

'Engagements' generally means the assets, obligations and liabilities of a society.

'Working men's club' is a society registered under the Friendly Societies Act 1974 and set up for the statutory purposes of 'social intercourse, mutual helpfulness, mental and moral improvement and rational recreation'.

'Specially authorised society' is a society registered under the Friendly Societies Act 1974 and which is set up for any purpose which the Treasury has authorised as a purpose to which the provisions of the Friendly Societies Act 1974 ought to be extended (such as the 'promotion of lawful sports and games').

'Benevolent society' is a society registered under the Friendly Societies Act 1974 and which is set up for any benevolent or charitable purpose.

'Registered Friendly Society' is a society registered under section 7(1)(a) of the Friendly Societies Act 1974. Typically such societies provide insurance for events such as sickness, death or unemployment.

'Incorporated Friendly Society' is a society registered under the Friendly Societies Act 1992.

## Legislation and what to expect

### **Industrial and Provident Societies Act 1965 (including credit unions)**

Section 51 (1) of the Industrial and Provident Societies Act 1965 provides that a registered society may by special resolution transfer its engagements to another registered society that undertakes to fulfil them.

Section 52 of the Industrial and Provident Societies Act 1965 provides that a registered society may by special resolution transfer its engagements to a company that undertakes to fulfil them.

### **Friendly Societies Act 1974**

Section 82 of the Friendly Societies Act 1974 provides for transfers of engagements of societies. These provisions now only apply to working men's clubs, benevolent societies and specially authorised societies registered under this act. If you are a 'registered friendly society' or an 'incorporated friendly society' you must refer to section 86 of the Friendly Societies Act 1992.

The society which wishes to transfer its engagements must pass a special resolution to transfer. The definition of a 'special resolution' is contained in section 86 of the Friendly Societies Act 1974.

### **What to expect**

If your application is complete and in order, we will register the special resolution and send you a formal acknowledgement of registration.

For societies registered under the Industrial and Provident Societies Act 1965 (including credit unions) we will also send a final form with the acknowledgement of registration. You must complete and return this to us once all the engagements have been transferred to the accepting society or credit union.

Once received, the registration of the transferring society or credit union will be cancelled and we will issue a certificate confirming this.

## 1

## Details of the special resolution and of the proposed transfer of engagements

### Full name of society or credit union transferring its engagements (front page)

This must be the name of the society or credit union transferring its engagements and which will cease to exist once the transfer has been completed.

You must give the full registered name, please do not use abbreviations.

### Societies details

#### 1.1 Registration number of the transferring society or credit union and details of the accepting society, credit union or company

**Register number of the transferring society or credit union** – The number of the society or credit union transferring its engagements and which will cease to exist once the transfer has been completed. The register number is the number your society or credit union was given when it was registered. If you are not sure what this is please search on the Mutuels Register at <http://mutuals.fsa.gov.uk/> using the name of your society or credit union.

**Name of accepting society, credit union or company** – The name of the society, credit union or company accepting the engagements of the transferring society or credit union. You must give the full registered name, please do not use abbreviations.

**Register number of the accepting society or credit union or company number** – The number of the society, credit union or company accepting the engagements of the transferring society or credit union. The register number is the number your society or credit union was given when it was registered. If you are not sure what this is please search on the Mutuels Register at <http://mutuals.fsa.gov.uk/> using the name of your society or credit union. Companies unsure of their company number should search on the Companies House website at <http://www.companieshouse.gov.uk/>.

#### 1.2 Are there any timing factors that you would like us to consider?

The time taken to determine each application is significantly affected by the quality of the application submitted and whether it is complete.

It would be helpful if you can submit the documents 15 working days before the proposed date of registration. Since we receive a large number of applications each year and need to examine each carefully please ensure any application is submitted in good time, particularly if you have a preferred registration date in mind.

#### 1.3 You must confirm that the transferring society or credit union has passed the special resolution in line with the statutory requirements.

##### Industrial and Provident Societies and Credit Unions – society to society

Under the Industrial and Provident Societies Act 1965 the special resolution must be passed by a majority of not less than two-thirds of such members for the time being entitled under the rules to vote as voted in person (or by proxy if allowed by the society's rules) at a general meeting of the said society or credit union. At this meeting, notice must have been given in accordance with the society's rules specifying the intention to propose the special resolution. The special resolution must then be confirmed by a majority of members that are entitled under the rules to vote as voted in person (or by proxy) at a subsequent general meeting, of which notice was duly given. The second meeting must be held not less than 14 clear days nor more than one month after the first. The transferring society or credit union will wish to see the accepting society, credit union or company vote in favour of accepting the transfer before its own second meeting. So it makes sense for the accepting society, credit union or company to resolve to accept the transfer between the two meetings of the transferring society or credit union.

### **Industrial and Provident Societies – society to company**

As a consequence of the Industrial and Provident Societies Act 2002 the special resolution must be voted on by not less than 50% of the members of the society entitled under the rules to vote. It must be passed by a majority of not less than three-fourths of the said members as voted in person (or by proxy) at a general meeting of the society, of which notice specifying the intention to propose the resolution was duly given in accordance with the society's rules. The special resolution must then be confirmed by a majority of such members for the time being entitled under the rules to vote as voted in person (or by proxy) at a subsequent general meeting of which notice was duly given.

The second meeting must be held not less than 14 clear days nor more than one month after the first.

### **Friendly Societies Act 1974**

Under the Friendly Societies Act 1974 the special resolution must be passed at a general meeting of the society, of which notice specifying the intention to propose that resolution, was duly given in accordance with the society's rules. The special resolution must be passed by not less than three quarters of those members of the society for the time being entitled under the society's rules to vote who voted either in person or by proxy at the meeting.

#### **1.4 You must confirm that you have attached two copies of the special resolution**

These must be clean copies containing only the wording of the special resolution as approved by the members of the transferring society. Each copy of the special resolution must be headed with the name and registration number of the transferring society, and each copy must be signed by both the secretary of the society and by the chairman of the meeting at which the special resolution was approved.

The special resolution should refer to the position of the members of the transferring society or credit union and their stake in the accepting society, credit union or company once the transfer has been completed.

The resolution should usually avoid naming a date when the transfer will take effect. The transfer is only effective once we have registered the application.

#### **Below is a specimen example of the wording of a special resolution appropriate for a transfer between two industrial and provident societies:**

'That this meeting of members of the (enter name of transferring society) hereby resolves to transfer the whole of the stock, property and other assets and all engagements of the society to the (enter name of accepting society) in consideration of the (enter name of accepting society) issuing to each member of the (enter name of transferring society) paid up shares equal to the amount standing to the credit of each member in the share ledgers of the (enter name of transferring society) on the date when the transfer of engagements become effective'.

#### **Below is a specimen example of the wording of a special resolution appropriate for a transfer between two societies registered under the Friendly Societies Act 1974:**

'That this meeting of members of the (enter name of transferring society) hereby resolves to transfer the whole of the engagements of the society, including its stock, property and other assets and all its liabilities to the (enter name of accepting society) in consideration of the (enter name of accepting society) issuing to each member of the (enter name of transferring society) a membership certificate in the (enter name of transferring society) and (enter further details if appropriate dependent on the transfer terms agreed between the two societies) and that the committee of management of (enter name of transferring society) be authorised to execute and do on behalf of the (enter name of transferring society) all things as may be necessary or desirable for undertaking such a transfer of engagements'.

**1.5 Is the transferring society registered with the Tenant Services Authority, the Scottish Housing Regulator or Welsh Ministers?**

If the transferring society is registered with the Tenant Services Authority, the Scottish Housing Regulator or Welsh Ministers, the appropriate body will need to formally consent to the transfer of engagements, otherwise the transfer may not proceed.  
A copy of their formal consent will need to be submitted with the application.

**Signatures**

**1.6 The Secretary of the transferring society or credit union must sign and date below**

We require all signatures to be original signatures.

**1.7 The Secretary of the accepting society, credit union or company must sign and date below**

We require all signatures to be original signatures.

# 2

## Statutory Declaration by the transferring society or credit union

### Declaration

**2.1 An Officer of the transferring society or credit union must sign below in front of a solicitor, a commissioner for oaths, notary public or justice of the peace**

We require all signatures to be original signatures.

For Industrial and Provident Societies the 'applicable legislation' is the Industrial and Provident Societies Act 1965 and the Industrial and Provident Societies Act 2002.

For Credit Unions the 'applicable legislation' is the Industrial and Provident Societies Act 1965 and the Credit Unions Act 1979.

For working men's clubs, benevolent societies or specially authorised societies registered under the Friendly Societies Act 1974 the 'applicable legislation' is the Friendly Societies Act 1974.

## 3

**Statutory Declaration by the accepting society, credit union or company****Declaration****3.1 Was the resolution undertaking to fulfil the engagements passed at a meeting of the committee of management (or board) or at a meeting of the society, credit union or company?**

The accepting society, credit union or company will need to pass a resolution to undertake to fulfil the engagements being transferred. Exactly how this is done is dependent on what is said in the rules of the accepting society or credit union.

If the rules of the accepting society or credit union provide for its committee (or board) to have the power to accept engagements by passing a committee (or board) resolution then such a resolution should be passed by its committee (or board).

If the rules of the accepting society or credit union do not provide such a power to its committee (or board) then an ordinary resolution passed by its membership in a general meeting will be needed.

A special resolution will only be required if the society is a working men's club, a benevolent society or a specially authorised society registered under the Friendly Societies Act 1974.

**3.2 Is the accepting society registered under the Friendly Societies Act 1974?**

No extra guidance

**3.3 You must confirm that you have attached two copies of the special resolution undertaking to fulfil the engagements**

If the accepting society has power in its rules to accept a transfer of engagements (e.g. by resolution of the committee of management), all it needs to do is pass such a committee of management resolution and then make a Statutory Declaration in Section 3.4 of the form.

However, if the rules are silent, which is often the position with this type of society, the accepting society must also pass a special resolution and allow proxy voting and will need to additionally complete section 4 of the form. If such is the case then 2 signed copies of the accepting society's special resolution will also need to be attached to the application. These will need to be clean copies containing only the wording of the special resolution as approved by the members of the accepting society. Each copy of the special resolution must be headed with the name and registration number of the accepting society, and each copy must be signed by both the secretary of the accepting society and by the chairman of the meeting at which the special resolution was approved.

**3.4 An Officer of the accepting society, credit union or company must sign below in front of a solicitor, a commissioner for oaths, notary public or justice of the peace**

We require all signatures to be original signatures

# 4

## Details of the special resolution

### **4.1 You must confirm that the society has passed a special resolution in line with the statutory requirements**

The special resolution should be passed at a general meeting of which notice specifying the intention to propose the special resolution was duly given in accordance with the society's rules.

The special resolution needs to be passed by no less than three-quarters of those members of the society for the time being entitled to vote who voted either in person or by proxy at the meeting; or by not less than three-quarters of the delegates who voted at the meeting (in the case of a delegate society).

### **4.2 The Secretary of the society must sign and date below**

We require all signatures to be original signatures.