

**INTERIM PRUDENTIAL SOURCEBOOK FOR FRIENDLY SOCIETIES
(AMENDMENT NO 2) INSTRUMENT 2006**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 141 (Insurance business rules);
 - (3) section 150(2) (Actions for damages);
 - (4) section 156 (General supplementary powers); and
 - (5) section 340 (Appointment).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 31 December 2006.

Amendments to the Handbook

- D. The Interim Prudential sourcebook for Friendly Societies (IPRU(FSOC)) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Interim Prudential Sourcebook for Friendly Societies (Amendment No 2) Instrument 2006.

By order of the Board
21 December 2006

Annex

Amendments to the Interim Prudential sourcebook for Friendly Societies (IPRU(FSOC))

In this Annex underlining indicates new text and striking through indicates deleted text. Where a new section of text is inserted, this is indicated and the new text is not underlined.

...

5.1

...

(2) ...

and one of those copies must be signed as required by rule 5.12.⁷ The copies must be sent to Insurance Returns, The Financial Services Authority, PO Box 35747, London E14 5WP (and must not be addressed to the *friendly society's* normal supervisory contact).

...

5.2

...

(2) ...

and one of those copies must be signed as required by rule 5.20.⁸ The copies must be sent to Insurance Returns, The Financial Services Authority, PO Box 35747, London E14 5WP (and must not be addressed to the *friendly society's* normal supervisory contact).

...

5.11

...

(2) ~~In giving this opinion the auditor must state whether he has relied on—~~

(a) ~~the certificate given in accordance with rule 5.10 with respect to the *mathematical reserves* and the *required minimum margin* of the *friendly society*; and~~

(b) ~~the identity and value of any *implicit items* valued in accordance with a waiver under section 148 of the Act. [deleted]~~

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Chapter 8

TRANSITIONAL PROVISIONS

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Insert after Table 2 the following transitional rule 8.6:

Off-market derivatives in linked funds

- 8.6
- (1) This transitional *rule* has effect from 31 December 2006 to 30 December 2007.
 - (2) For the purpose of the definition of *permitted derivative contract* in *IPRU (FSOC) 7.1* as it applies for a *directive friendly society*:
 - (a) *INSPRU 3.2.5R(3)(b)* has effect as if the words "and is capable of valuation" and "to *INSPRU 3.2.35R*" were omitted;
 - (b) *INSPRU 3.2.34R* has effect as if it read "For the purpose of *INSPRU 3.2.5R(3)(b)*, a transaction is on approved terms only if the *firm* reasonably believes that it may be readily closed out"; and
 - (c) *INSPRU 3.2.35R* does not apply.