

**FRIENDLY SOCIETIES ACT 1989—REGULATION**

(Relating to guidelines for investments in securities)

NEW SOUTH WALES



*[Published in Gazette No. 174 of 23 December 1994]*

HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Friendly Societies Act 1989, has been pleased to make the Regulation set forth hereunder.

TED PICKERING

Minister for Local Government and Co-operatives.

---

**Commencement**

1. This Regulation commences on 1 January 1995.

**Amendments**

2. The Friendly Societies General Regulation 1990 is amended;  
(a) by inserting after clause 17 the following clause:

**Guidelines for investments**

17A. (1) For the purposes of section 56 (1) (g) of the Act, the prescribed guidelines for securities in which a friendly society invests are that the securities must be shares in one or more bodies corporate (within the meaning of the Corporations Law) that satisfies or satisfy the criteria set out in subclauses (2)–(6).

(2) In any period during which the society has an investment in the shares, the bodies corporate must be included each Monday among the first 100 companies on the list of the top 150 companies (based on market capitalisation and compiled from information from the Australian Stock Exchange Limited) published in The Sydney Morning Herald or in The Australian.

(3) At the date when a friendly society invests in shares in a body corporate, the body corporate must have paid a dividend, or made a distribution of income by means of a bonus share issue, in each of the 3 consecutive financial years of the body corporate, the last of which ended not more than 12 months before that date.

(4) For the purposes of subclause (3), that dividend payment or bonus share distribution must have been to all holders of ordinary shares, and all holders of preference shares, in the body corporate. (In this subclause, “ordinary shares” and “preference shares” do not include shares issued in a financial year of the body corporate after the dividend for that financial year has been declared or shares whose terms of issue mean that the shares do not rank for a dividend.)

(5) A body corporate is taken to satisfy the criterion set out in subclause (3) in respect of a particular period of 12 months (and that period is taken to be the first of the previous financial years of the body corporate for the purposes of that subclause) if:

- (a) the body corporate is formed to take over the business of one or more other bodies corporate, or to acquire the securities or control of one or more other bodies corporate; and
- (b) the body corporate does in fact make that takeover or acquisition; and
- (c) each of the other bodies corporate made a dividend payment, or distribution of income by means of a bonus share issue, that satisfies subclause (4) in respect of that period of 12 months.

(6) For the purposes of subclause (5), the references in subclause (4) to “the body corporate” and to “a financial year” are taken as references to each of the other bodies corporate and to its financial year.

- (b) by omitting from Rule 5.7 (g) in Schedule 4 the word “be” and by inserting instead the word “by”;
  - (c) by omitting from Rule 6.2 (b) in Schedule 4 the matter “of 20” and by inserting instead the matter “or 20”;
  - (d) by omitting from Rule 6.3 (a) in Schedule 4 the word “inclusive” and by inserting instead the words “inclusive of”.
-

**EXPLANATORY NOTE**

Under the Friendly Societies Act 1989, friendly societies may invest their funds in a number of ways specified by that Act. One type of investment is in securities listed on a stock exchange in Australia if the securities meet the guidelines prescribed by the regulations. This Regulation inserts those guidelines in the Friendly Societies General Regulation 1990.

Three amendments for the purposes of law revision are also made to the Model Rules contained in Schedule 4 to the Friendly Societies General Regulation 1990.

This Regulation is made under sections 56 (1) (g), 131 (2) (c) and 131 (generally) of the Friendly Societies Act 1989.

---