

THE COOPERATIVE SOCIETIES ACT.

Statutory Instrument 112—1.

The Cooperative Societies Regulations.

Arrangement of Regulations.

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Schedule

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THE COOPERATIVE SOCIETIES ACT.

Statutory Instrument 112—1.

The Cooperative Societies Regulations.

(Under section 79 of the Act.)

1. Citation.

These Regulations may be cited as the Cooperative Societies Regulations.

2. Registers of societies.

(1) The registrar shall keep or cause to be kept at his or her office two registers to be called “The Register of Societies” and “The Register of Probationary Societies”, respectively, in which he or she shall enter or cause to be entered the particulars relating to the registration of societies and probationary societies and the byelaws of the societies and probationary societies.

(2) All entries in the registers shall be made by or under the direction of the registrar and shall be signed by him or her.

(3) The registers shall be open to inspection by the public at all reasonable times on payment of a fee which shall be declared and notified in the Gazette by the registrar from time to time.

3. Application for registration.

Every application for the registration of a society shall be submitted to the registrar in the form specified in the Schedule to these Regulations accompanied by three copies of the byelaws which the society proposes to adopt, and a nonrefundable fee which shall be determined and notified by the registrar from time to time.

4. Registration of a society.

Where the registrar decides to register a society, the society and its byelaws shall be registered in the appropriate register mentioned in regulation 2 of these Regulations.

5. Certificate of registration and documents to be supplied to a society.

Upon registration of a society, the registrar shall forward to the society—

- (a) a certificate of registration; and
- (b) a copy of the byelaws of the society approved by him or her and certified under his or her hand as having been approved by him or her.

6. Refusal to register a society.

When the registrar refuses to register a society or its byelaws, he or she shall record his or her reasons for doing so.

7. Byelaws of the society.

(1) A society shall make byelaws providing for the following matters—

- (a) its name;
- (b) its registered address;
- (c) the objects for which it is established;
- (d) the area within which its operations and membership shall be confined;
- (e) the qualifications for membership, the terms of admission and the mode of election of members;
- (f) the withdrawal or expulsion of members and payments, if any, to be made by the members and the time in which the payments shall be made;
- (g) the nature and extent of the liability of members;
- (h) the transfer of shares or interests of members;
- (i) the manner of raising funds, including the fixing of the maximum rate of interest on members' deposits, if any;
- (j) general meetings, the procedure and quorum at the meetings, the powers of the meetings and representation and voting at the meetings;
- (k) the appointment, suspension and removal of members of the committee and officers of the society, and the powers and duties of the committee and officers of the society;
- (l) mode of payment of calls on shares and the financial year of the society;

- (m) the consequences of default by a member in payment of calls on shares;
- (n) the authorisation of the officers of the society to sign documents on its behalf; and
- (o) the manner in which books of account shall be kept.

(2) If the objects of the society include the creation of funds to be lent or advanced to its members, the society shall make byelaws providing for the conditions on which loans or advances may be made to members, including—

- (a) the rate of interest;
- (b) the maximum amount which may be lent to a member;
- (c) the extension of the term of the loans or the renewal of loans;
- (d) the purpose of loans; and
- (e) the security for the repayment of loans.

(3) If the members of the society are registered societies, the society shall make byelaws providing for the following matters—

- (a) the number of officers of each member society who shall be entitled to exercise the voting power of that society;
- (b) the terms and conditions of employment for any paid staff; and
- (c) the authority of the committee in relationship to the employees of the registered society.

8. Amendment of byelaws.

(1) Subject to section 9 of the Act, a registered society may, by resolution of the members passed at a general meeting in accordance with subregulation (2) of this regulation, amend its byelaws.

(2) No resolution under subregulation (1) of this regulation shall be valid unless—

- (a) notice of the proposed amendment is given to the members of the society at least fourteen days prior to the general meeting;
- (b) in the case of a society with unlimited liability, half the members of the society are present at the general meeting and three-quarters of the members present at the meeting vote in favour of the amendment;
- (c) in the case of a society with limited liability, a majority of the members of the society vote in favour of the amendment; and
- (d) in the case of a society with unlimited liability or with limited

liability, if the amendment has received the prior approval of the registrar, the amendment is approved by a two-thirds majority of the members present and voting at the meeting.

(3) When a copy of any amendment is sent to the registrar under section 9(2) of the Act, a certificate in Form II set out in the Schedule to these Regulations shall be sent to the registrar together with three copies of the amendment and a fee which shall be determined and notified by the registrar from time to time.

(4) The registrar may, by written notice, call upon a registered society to make such amendments to its byelaws as he or she considers necessary or desirable in its interest within such period as he or she may specify not exceeding two months from the date of service of the notice.

(5) The notice shall state the exact amendment which the society shall make.

9. Transfer of shares of a member on his or her ceasing to be a member.

When for any reason other than death a member of a registered society of limited liability which holds deposits or loans from nonmembers ceases to be a member he or she may, subject to section 14 of the Act, transfer his or her shares in the society to another member, or to a proposed member of the society, but he or she shall not be entitled to repayment from the society of any money paid by him or her in respect of shares, except from the Share Transfer Fund created in accordance with regulation 43 of these Regulations.

10. Nominees for interest of deceased members.

(1) Every appointment of a nominee by any member of a registered society for the purposes of section 38 of the Act shall be made in writing signed by the member in the presence of two attesting witnesses.

(2) No member of a registered society shall be entitled to appoint more than one nominee unless that member holds more than one share.

(3) In any case where more than one nominee is appointed by any member, the number of shares to be transferred to each of these nominees shall be specified at the time of the appointment.

(4) Every appointment of a nominee shall be recorded in the register of members of the society.

(5) For the purposes of transfer to a nominee, the value of any share or interest shall be represented by the sum actually paid for that share or interest by the member holding it unless the byelaws of the registered society otherwise provide.

(6) Any nominee under this regulation may be paid all dues on evidence of death being adduced without waiting for the results of any probate in all cases where the deceased member is in credit with the society.

(7) Where any money is paid to a nominee who is a minor, a receipt given either by a minor or by his or her guardian shall be sufficient discharge to the registered society.

(8) On the death of a member who has appointed more than one nominee, any dues or interest of the deceased member other than shares shall be distributed to the nominees in proportion to the shares bequeathed to those nominees.

11. Limitation to number of members.

A registered society may, with the approval of the registrar, limit the number of its members.

12. Records to be kept by a registered society.

(1) A registered society shall keep up-to-date and proper books of account and such other records as the registrar may, from time to time, direct.

(2) Notwithstanding the generality of subregulation (1) of this regulation, all registered societies shall keep the following records—

- (a) a register of members showing—
 - (i) the name, membership number, address and occupation of each member;
 - (ii) the date on which each member was admitted to membership;
 - (iii) shareholding of each member;
 - (iv) the date on which any member ceased to be a member; and

- (v) the nominee or nominees of each member, if any, appointed in accordance with regulation 10 of these Regulations;
- (b) minutes of proceedings at general meetings;
- (c) minutes of proceedings at committee meetings;
- (d) a cashbook showing the details of all money received and all money expended or paid out in any way by the society;
- (e) in the case of a society which deals in produce, a produce ledger showing details of all produce sold by the members through the society; and
- (f) a register of the fixed assets of the society.

(3) A registered society shall draw up its annual accounts and balance sheet in such a form as shall comply with generally accepted accounting procedures and practices.

13. Audit and Supervision Fund.

(1) There shall be established a fund known as the Audit and Supervision Fund into which every registered society shall, unless exempted by the registrar, pay annually a supervision fee and, if the society's accounts are audited by an officer of the cooperative development department, an audit fee.

(2) The registrar may require a registered society to contribute to the fund in specific cases as he or she may, from time to time, direct.

(3) The registrar shall administer the fund on behalf of the contributing registered societies and shall report annually to the board in respect of the income derived from the fees, the expenditure sanctioned from the fund and the balance remaining in the fund.

(4) The registrar, after consultation with the board, shall fix the fees payable by the registered societies under subregulation (1) of this regulation.

(5) The fund shall be audited annually by an auditor appointed by the board.

14. Copies of entries.

(1) For the purposes of section 39 of the Act, a copy of any entry in a book of a registered society may be certified by a certificate written at the

foot of that copy, declaring that it is a true copy of the entry and that the book containing the entry is still in the custody of the society.

(2) The certificate shall be signed by the secretary of the society and by one member of the committee.

15. Voluntary division of society.

(1) Where a registered society passes a preliminary resolution to divide itself into two or more societies in accordance with section 27(2) of the Act, the registrar shall, immediately, appoint an auditor to audit the books of the society for the purpose of giving effect to the proposals of the preliminary resolution including any amendment to it in accordance with section 27(9) of the Act. The cost of the audit and accounting work incidental to it, if any, shall be borne by that registered society.

(2) The auditor appointed under subregulation (1) of this regulation shall—

- (a) submit a detailed report of the audited accounts and three balance sheets to the registrar within the period stipulated by the registrar not exceeding ninety days from the date of the preliminary resolution; and
- (b) produce one balance sheet each on the societies proposing to be divided and one consolidated balance sheet for all the proposed societies.

(3) The registrar may, as soon as practicable after the passing of the preliminary resolution, appoint a valuer or valuers to assess the value of the assets of the society, as may be specified by the registrar, which shall be the basis upon which agreement of the value of assets shall be determined.

(4) Subject to section 27(4) of the Act, the secretary of an apex society or a cooperative union which proposes to be divided shall, by notice in the Gazette and in at least one vernacular paper, publish the proposed division of the apex society or cooperative union and request in the notice anyone having a claim against the society to submit the claim in writing within a stated period not exceeding ninety days from the passing of the preliminary resolution.

(5) No transactions involving immovable property or capital expenditure shall be entered into by the society between the passing of the

preliminary resolution and the registration of the new societies, which have divided, without the prior written consent of the registrar.

16. Estimates.

(1) Where a cooperative union or an apex society presents its estimates in conformity with section 24 of the Act, the estimates shall be in the form of a budget.

(2) The registrar may require any registered society to submit for his or her approval periodic plans.

17. General meetings.

(1) The supreme authority in a registered society shall be vested in the general meeting of members at which every member has the right to attend and vote.

(2) Every member of a registered society shall vote in person and proxies shall not be allowed at any general meeting.

18. Annual general meeting.

As soon as the report on the audited accounts and balance sheet of a registered society is received by the committee, the committee shall convene an annual general meeting of the members of that society within three months after the end of the financial year of that society; but where the committee fails to convene the meeting the registrar shall convene a special general meeting which shall proceed as if it had been convened by the committee.

19. First general meeting.

The first general meeting of a registered society shall exercise powers and perform the same duties as are exercised and performed by the annual general meeting and shall be held not later than one month after the receipt of the certificate of registration of the society.

20. Duties of an annual general meeting.

The first general meeting of a registered society shall—

- (a) consider and confirm with the necessary amendments, if any, the minutes of the last immediately preceding annual general meeting;
- (b) consider the reports of the committee and the balance sheet together with the report on the audit of the accounts of the society for the previous year;
- (c) adopt the accounts or if the accounts are not adopted cause the secretary to notify the registrar of the reasons why the accounts have not been adopted who in consultation with the board shall consider the matter and make his or her decision on it, and the decision so made as to the correctness of the accounts shall be final and conclusive;
- (d) consider and direct the secretary to inform the registrar of the manner in which any available surplus shall be distributed or invested;
- (e) elect members of the committee for the ensuing year;
- (f) consider and direct the secretary to submit to the registrar in Form V set out in the Schedule to these Regulations, the maximum borrowing powers which in the opinion of the general meeting the registered society should incur for the ensuing year; except that the committee of the society may, from time to time, and subject to subsequent ratification by the general meeting, amend that maximum liability;
- (g) appoint an auditor or auditors for the ensuing year subject to the approval by the registrar; and
- (h) transact any other business of which, in the case of a cooperative union or apex organisation, fourteen days' notice has been given and in the case of other societies the business has been raised at the meeting and allowed by the chairperson.

21. Special general meeting.

(1) A special general meeting of a society may be convened at any time by the committee of the society.

(2) A special general meeting of a society shall be convened by the committee on receipt of a demand for the meeting signed by such number of members of the society as are required by the byelaws of the society and stating the reasons for the calling of the meeting.

(3) If within fourteen days next following the receipt of the demand

for the meeting the committee fails to convene a meeting in accordance with subregulation (2) of this regulation, the members may convene the meeting giving seven days' notice to all the members of the society stating in the notice the reasons for the calling of the meeting and the fact that the committee has failed to convene the meeting.

(4) The registrar may, at any time, convene a special general meeting of a registered society.

22. Quorum at general meetings.

(1) The quorum at any general meeting of a registered society shall be laid down in the byelaws of the society.

(2) When a meeting is convened by the registrar under regulation 21(4) of these Regulations, the members present at that meeting shall constitute a quorum.

23. Chairperson at general meetings.

(1) The chairperson shall preside at all general meetings of a registered society, and in his or her absence the vice chairperson or, if there is no vice chairperson or if both the chairperson and vice chairperson are absent, any other person elected by a majority of those present shall preside; except that the registrar or a person appointed by him or her may, at the discretion of the registrar or that person, preside at any meeting convened under regulation 21(4) of these Regulations.

(2) The chairperson of any general meeting of a registered society shall have the right to order the closure of a discussion and put the matter under discussion to the vote of the meeting.

(3) Subject to sections 25 and 27 of the Act, and regulation 7 of these Regulations, all questions presented to the meeting shall be decided, unless otherwise specifically provided for by byelaws, by a majority of those present and entitled to vote.

(4) Any motion on which the voting is equal shall be determined according to subregulation (6) of this regulation.

(5) The chairperson shall have one vote only.

(6) A registered society may make rules of procedure for the proper conduct of its general meetings.

24. Constitution of committee.

- (1) Every registered society shall elect a committee consisting of—
 - (a) the chairperson, vice chairperson and treasurer; and
 - (b) not less than two nor more than six members.

(2) The committee may contract experts to guide them on technical matters in the course of its meetings.

(3) Subject to subregulation (5) of this regulation, members of the committee shall be elected, suspended and removed only by a majority of members of the society present and voting at a general meeting.

(4) Members of the committee shall hold office for two years and shall be eligible for reelection; but no member of a tertiary or apex cooperative society may be reelected for more than two terms.

(5) If, during the term of office of a committee, a vacancy occurs in the membership of the committee, the committee may, or, if the number of members drops below five, shall co-opt a member of their society to act on the committee until the next general meeting.

(6) If a general meeting removes a member of the committee, it shall immediately elect a new member who shall hold office until the next annual general meeting.

(7) The quorum at committee meetings shall be as laid down in the byelaws.

(8) The chairperson shall preside at all meetings of the committee; and in the absence of the chairperson, the vice chairperson, or, if there is no vice chairperson or if both the chairperson and the vice chairperson are absent, the committee shall elect one of its members to preside.

(9) The committee may make standing orders for the proper conduct of its committee meetings.

(10) The registrar or his or her representative may attend any meeting of the committee of a registered society.

25. Eligibility for membership of the committee.

(1) The registrar in consultation with the board may prescribe from time to time minimum educational and professional qualifications for eligibility for membership of the committee of any cooperative society or class of societies.

(2) Subject to subregulation (1) of this regulation, no person shall be eligible for membership of a committee of a registered society or remain a member of a committee if—

- (a) he or she is under eighteen years of age;
- (b) he or she is not a registered member of the society, or he or she is a registered member and does not patronise the society;
- (c) he or she receives any remuneration, salary or other payments from the society which has not been lawfully approved by a resolution passed at a general meeting of the society;
- (d) in the case of a society that lends money to its members, he or she lends money on his or her own account;
- (e) in the case of a society that trades in goods or produce, he or she either on his or her own account or on some other person's account, trades in the same types of goods or produce;
- (f) he or she is an undischarged bankrupt;
- (g) he or she is of unsound mind;
- (h) he or she has been convicted of an offence involving moral turpitude;
- (i) he or she has been convicted of any offence involving dishonesty or of an offence under the Act or under these Regulations or is a dismissed employee of a registered society;
- (j) he or she is in debt to the society other than in respect of a loan made under regulation 39 of these Regulations; or
- (k) he or she is a person who has been a member of a committee dissolved under section 52(6) of the Act; except that a member of the dissolved committee may, with the written permission of the registrar, be elected to a committee after the expiration of five years from the dissolution of the committee of which he or she was a member.

(3) No person may be a member of the management committee of

more than one national or apex cooperative society.

(4) A person elected to the board shall relinquish his or her membership of any management committee of a national or apex cooperative society.

26. Duties of the committee.

(1) The committee of a registered society shall be the controlling authority of the society and subject to the byelaws and any directions issued by a general meeting of the society shall direct the affairs of the society and may bind the society in contract, borrow money on behalf of the society to an amount not exceeding the amount fixed under section 44 of the Act, and may institute, defend and settle any legal proceedings on behalf of the society.

(2) The committee of a registered society shall hold regular meetings at which—

- (a) the minutes of the previous meeting shall be scrutinised and checked;
- (b) the accounts, bankbooks and cash shall be scrutinised and checked;
- (c) any loans due and owing to the society shall be considered and any action considered necessary in respect of those loans shall be authorised;
- (d) in the case of an apex society or a cooperative union, the committee shall cause the appropriate officer managing the affairs of the apex society or cooperative union to submit to the committee on behalf of the apex society or cooperative union, a periodic report on the activities of the apex society or cooperative union in the form specified by the registrar; and the report shall be considered by the committee.

(3) When any matter arises for disposal by the board under section 29 of the Act, the board shall be summoned for a special general meeting.

(4) The committee of a registered society shall—

- (a) send annually to the registrar a return in Form III set out in the Schedule to these Regulations;
- (b) send an estimate of income and expenditure for the ensuing year in accordance with section 24 of the Act for the opinion of the

- registrar before any expenditure may be incurred; and
- (c) keep available for inspection at all times—
 - (i) the certificate of registration of the society;
 - (ii) the registered byelaws of the society;
 - (iii) the latest balance sheet of the society;
 - (iv) the register of members;
 - (v) the list of the officers of the society; and
 - (vi) the register of property including leases.

(5) In the conduct of the affairs of a registered society, the committee and every member of the committee shall exercise prudence and diligence and shall be jointly and severally responsible for any loss sustained by the registered society through any act which is contrary to law and the byelaws of the society or the directions of any general meeting.

(6) If for any reason a committee member is deemed to be incompetent in accordance with subregulation (5) of this regulation, the registrar in consultation with the board may direct his or her removal from the committee; and thereafter the committee may fill the vacancy in accordance with the byelaws of the society.

27. Appointment and security for position of secretary; qualifications for officers.

(1) The committee of a registered society shall appoint a secretary to the society who shall be either a member of the committee or paid employee of the society; but if the person appointed secretary is a paid employee of the society, he or she shall not become a voting member of the committee.

(2) The committee of a registered society shall, if it thinks fit, require any person appointed secretary to furnish such security as it may require before he or she assumes the functions of his or her office.

(3) The qualifications for the appointment of a manager, secretary, accountant or any other officer of the society shall be such as may, from time to time, be determined by the registrar in consultation with the board.

28. Duties of the secretary.

The duties of the secretary of a registered society shall include—

- (a) the summoning of all meetings of the society and its committee;

- (b) his or her attendance at all meetings of the society and its committee and the preparation of the minutes of the meetings;
- (c) the conduct of the correspondences of the society;
- (d) the custody of the register of members of the society and the keeping of the register correct and up-to-date;
- (e) the preparation of the reports of the committee and the recording of all transactions and accounts of the society not otherwise provided for;
- (f) the acceptance of service of any legal documents which are addressed to the society;
- (g) the custody of the register of the insurance policies of the society, if any, and the keeping of the register correct and up-to-date;
- (h) the custody of the register of immovable property of the society, if any, and the keeping of the register correct and up-to-date; and
- (i) any other duties which the byelaws or the committee of the society may require him or her to perform.

29. Duties of the treasurer.

The duties of the treasurer of a registered society shall include—

- (a) his or her attendance at all meetings of the society and its committee;
- (b) the collection and receipt of all monies payable to the society and the issue of receipts for those monies;
- (c) the payment of all monies owing by the society and the obtaining of a receipt for those payments;
- (d) the keeping of such books as may be required by these Regulations or the byelaws of the society showing the receipt and payments of money received and paid in accordance with paragraphs (b) and (c) of this regulation;
- (e) the preparation of the annual accounts and balance sheet showing the income and expenditure, the surplus or loss and the assets and liabilities of the society;
- (f) the custody of all the books of account of the society;
- (g) the custody of all ready cash and cheques belonging to the society separate from any other monies in the safe, cashbox or other place of safety and the payment of such cash at the earliest opportunity into a bank, or other investment under section 45 of the Act;
- (h) the production of any cash in hand, cheques, books of account or other documents to the committee or any person entitled by law

- to see them; and
- (i) any other duties which the byelaws or other committee of the society may require him or her to perform.

30. Remuneration of members, etc.

(1) Where a society proposes to remunerate any member of the committee of the society by way of salary or other payment for services rendered or to be rendered or to permit any member of the committee to receive any salary, commission or other payment from any person other than the society, the secretary shall immediately notify the registrar in writing of the proposal for his or her opinion.

(2) On receipt of the notification, the registrar shall immediately inform the society of his or her opinion.

(3) On the receipt by the society of the registrar's opinion, the committee shall submit to a general meeting of the members of the society the question as to whether or not the society's proposal shall be approved.

(4) The secretary shall, at the general meeting, inform the members of the proposals of the society and the opinion of the registrar on the proposals, and no action shall be taken on the society's proposal unless a majority of the members present and voting vote in favour of it.

(5) After the holding of the general meeting the secretary of the society shall notify the registrar of the decision of the meeting in Form IV set out in the Schedule to these Regulations.

31. Delegation of duties.

(1) A society may, by resolution duly passed at a general meeting of the members of the society, authorise the committee, the secretary or the treasurer of the society to delegate all or any of their duties to a competent officer or employee of the society; but in the case of a cooperative union and an apex society, the duty to sign cheques and generally to operate the bank account of the cooperative union or apex society shall be delegated to the appropriate employees.

(2) For the purposes of subregulation (1) of this regulation, an apex society or cooperative union, the committee of an apex society or cooperative

union shall specify terms and conditions of employment for its employees detailing the authority, power and responsibility of each employee or class of employee of the apex society or cooperative union.

(3) Where any duty is delegated in accordance with this regulation, the committee shall cause to be produced reports and returns by the employee or class of employee to whom the duties are delegated at intervals specified by the committee after consultation with the registrar.

32. Property and funds.

(1) The funds of the society shall be devoted only to the promotion of the stated objects of the society, the running of the society, and such other purposes as are set out in the Act, these Regulations and the byelaws of the society.

(2) Where the registrar is satisfied that the purchase of shares in any company registered under the Companies Act or statutory corporation will be to the advantage of a society, he or she may allow that society to purchase shares in the company or statutory corporation.

33. Prohibition by registrar of transactions with nonmembers.

The registrar may prohibit or restrict transactions of any registered society with nonmembers if in his or her opinion those transactions are contrary to cooperative principles or involve an abuse of any privilege accorded to registered societies.

34. Duty to maintain a reserve fund.

(1) Every registered society shall maintain a reserve fund into which shall be paid at the end of each financial year 10 percent of the net gain or surplus resulting from the operations of the society during that financial year.

(2) The registrar may, subject to section 47 of the Act, on the application of any society, sanction the payment into the reserve fund of such lesser amount as he or she shall think fit; and any society whose application is refused by the registrar may appeal, within thirty days of the refusal, to the board whose decision shall be final.

(3) The reserve fund shall be invested in a registered cooperative

bank, or such other mode as the registrar may approve.

(4) No withdrawals shall be made from the reserve fund of a registered society without the consent in writing of the registrar, and any such withdrawals shall be made good from the next available funds accruing to the society.

(5) The reserve fund shall be indivisible, and no member shall be entitled to claim a specified share of it.

35. Application of reserve fund on dissolution.

(1) On the dissolution of a registered society, the reserve fund shall be applied to discharging the liabilities of the society and to the repayment of the share capital.

(2) Any portion of the reserve fund that may remain after discharging the liabilities of the society and the repayment of its share capital shall be distributed or otherwise disposed of in such manner as the members may, in general meeting, decide.

36. Duty to maintain a revolving fund.

(1) There shall be a Cooperative Development Revolving Fund into which every registered society shall pay 5 percent of its surplus annually.

(2) The fund shall be administered by a committee of trustees which shall be composed of five members appointed by the board.

(3) The fund shall be invested in the Cooperative Bank or such other mode as the board may approve.

(4) After the fund has existed for three years, a registered cooperative society may borrow from the fund on terms and conditions that shall be determined by the board from time to time.

(5) A registered society may withdraw its annual contribution after five years.

37. Form of annual return.

Every registered society shall submit an annual return to the registrar in Form III set out in the Schedule to these Regulations.

38. Form of particulars of charge.

The particulars of charge required to be filed pursuant to paragraph 1(1) of the First Schedule to the Act shall be in Form VI set out in the Schedule to these Regulations and shall be accompanied by a copy of the instrument creating the charge, certified to be a true copy under the seal of the society or under the hand of some person interested therein otherwise than on behalf of the society.

39. Loans to members.

(1) No loans shall be made to a member of a registered society except in accordance with the conditions laid down for the making of such loans in the byelaws of the society.

(2) A member of the committee of a registered society other than a cooperative savings and credit society may not borrow money or obtain goods or services on credit from the society without a written approval by the registrar.

40. Maximum dividend on shares.

No registered society shall pay an annual dividend exceeding 10 percent on shares of the paid up capital.

41. Transfer of shares by a member.

(1) Subject to sections 14 and 19 of the Act and subregulation (3) of this regulation, a member may transfer his or her share or shares in a registered society to any other member of the society.

(2) No transfer of any share in a registered society shall be effective until the transfer has been registered by the secretary of the society.

(3) No transfer of any share in a registered society shall be effective if made by a member in debt to the society whether the debt is due for payment or not.

42. Accounting for education fund.

Any society retaining or obtaining funds on account of the education fund according to section 49 of the Act shall account for the use of the funds at every annual general meeting.

43. Share Transfer Fund.

(1) Every registered society shall maintain a fund to be known as the Share Transfer Fund and shall allocate annually out of its surplus, if any, an amount to be determined by the registrar, from time to time, not exceeding 5 percent of the registered society's share capital.

(2) The fund maintained under subregulation (1) of this regulation shall be invested in the Cooperative Bank or any other bank approved by the registrar.

44. Registrar's notice pending surcharge.

(1) Before the registrar makes an order against any person under section 70(1) of the Act, he or she shall serve written notice on that person requiring him or her to show cause within the time specified in the notice why such an order should not be made against him or her.

(2) Any person on whom written notice is served in accordance with subregulation (1) of this regulation may show cause by addressing the registrar in person or in writing within a period specified in the notice by the registrar.

45. Publication by the liquidator of notice requiring claims to be made.

A liquidator appointed under section 62 of the Act shall publish in the Gazette and in at least one vernacular newspaper circulating in the area in which the society concerned operates a notice requiring claims against the society to be submitted to him or her within two months from the date of the publication of the notice.

46. Reference to arbitration by liquidator.

(1) Where, under section 63(c) of the Act, a liquidator decides to refer a dispute to arbitration that decision shall be embodied in an order of

reference under his or her hand.

- (2) Every order of reference under this regulation shall—
 - (a) specify the name, surname, place of abode and occupation of the arbitrator;
 - (b) set out the dispute and full particulars of the dispute; and
 - (c) limit the time within which the award shall be forwarded by the arbitrator,

except that if good cause is shown to his or her satisfaction, the liquidator may by a further order extend the time whether before or after the time limit by the order of reference has expired.

(3) Where the liquidator decides to refer a dispute to more than one arbitrator, the reference shall be to three arbitrators, of whom one shall be nominated by each of the parties to the dispute and the third shall be nominated by the liquidator and shall be the chairperson.

(4) Where under subregulation (3) of this regulation reference is made to three arbitrators, the following provisions shall apply—

- (a) if any party to the dispute fails to nominate an arbitrator within such time as the liquidator may specify, the liquidator shall nominate the arbitrator;
- (b) if an arbitrator nominated by one of the parties to the dispute dies, refuses or neglects to act or by absence or otherwise becomes incapable of acting, the liquidator shall call upon the party concerned to nominate a new arbitrator within such time as the liquidator may specify; and if no new arbitrator is nominated accordingly, the liquidator shall nominate one himself or herself;
- (c) if the arbitrator who dies or refuses or neglects to act, or becomes incapable of acting, was nominated by the liquidator a new arbitrator shall be nominated in his or her place by the liquidator; and
- (d) the opinion of the majority of the arbitrators shall prevail.

47. Proceedings before an arbitrator.

(1) The proceeding before the arbitrator shall as nearly as possible be conducted in the same way as proceedings before a court of law; and, in particular, the following provisions shall apply—

- (a) at least ten days' notice of the time and place at which the proceedings are to be held shall be given to the parties to the

- dispute;
- (b) a record of the evidence adduced before the arbitrator shall be made and signed by the arbitrator;
 - (c) documents produced as exhibits before the arbitrator shall be marked and initialled by the arbitrator and shall be attached to the file of the proceedings; and
 - (d) in the absence of any party duly notified to attend, the dispute may be decided by the arbitrator ex parte.
- (2) The award of the arbitrator—
- (a) shall be written and signed by the arbitrator; and
 - (b) shall state the amount of costs and expenses of the arbitration, if any, and by which party or parties to the dispute the amount is to be paid.
- (3) Upon the completion of the proceedings, the arbitrator shall forward to the liquidator—
- (a) the file of the proceedings; and
 - (b) the award.

48. Lodging of disputes.

(1) An aggrieved party under section 73(3) of the Act shall write to the defendant clearly stating the nature of the dispute, proposing who to arbitrate.

(2) The defendant shall respond by accepting the proposed arbitrator(s) or proposing who else to arbitrate.

49. Disputes referred to arbitration.

Regulations 47 and 48 of these Regulations shall apply to the settlement of disputes referred to under section 73 of the Act provided that when a dispute involves the Uganda Cooperative Alliance Limited or the board, that dispute shall be referred to the registrar for settlement.

50. Copies of byelaws.

Copies of the byelaws and balance sheets of all registered societies shall be open for inspection at the office of the registrar who shall on request and on payment of a fee which shall be determined by the registrar, from time to

time, supply certified copies of the byelaws and balance sheets.



Schedule.

reg. 3.

Forms.

Form I.

Application for Registration of a Cooperative Society.
The Cooperative Societies Regulations.

To: The Registrar of Cooperative Societies
P.O. Box 3585
Kampala

Dear Sir/Madam,

I/We, the undersigned, apply that the society, the particulars of which are set out hereunder, be registered as a cooperative society under the Cooperative Societies Act.

1. Name of society _____
2. Area of operations _____
3. Type of society _____
4. Whether limited or unlimited liability is desired _____
5. Language and character in which the books and accounts will be kept _____
6. Name of person appointed to be secretary of the society pending the first annual general meeting _____
7. Address of the society for purposes of registration _____

We attach true copies of the proposed byelaws of the society in English duly signed.

Name ¹	Occupation	Age	Place of residence	Signature
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Dated this _____ day of _____, 20 _____

¹Note that the application form must be signed—

- (a) in the case of a primary society, by not less than thirty persons qualified for membership of the society in accordance with section 13 of the Act;
- (b) in the case of a cooperative union or an apex society, by a person authorised to sign for each registered society or cooperative union who is a member of that society or union.

reg. 8(3).

Republic of Uganda

Form II.

Certificate of Amendment of Byelaws of a Society.
The Cooperative Societies Regulations.

To: The Registrar of Cooperative Societies
P.O. Box 3585
Kampala

Dear Sir/Madam,

We, the undersigned, certify that—

- (a) the enclosed amendment of the byelaws was passed at a general meeting held on the _____ day of _____, 20 ____;
- (b) on that date there were _____ members of the society of whom _____ were present at the meeting;
- (c) _____ members voted for the amendment;
- (d) written notice of the meeting and the proposed amendment was served on all the members of the society on the _____ day of _____, 20 ____, and the voting paper was duly issued to every member.

Chairperson

Secretary

Cooperative Society

Dated this _____ day of _____, 20 ____

Republic of Uganda

Form III.

Form of Annual Return.

The Cooperative Societies Regulations.

(To be submitted within four months of end of financial year.)

To: The Registrar of Cooperative Societies
P.O. Box 3585
Kampala

Dear Sir/Madam,

1. Name of society _____
2. Registered number _____
3. Date of registration _____
4. Registered address _____
5. Type of society _____
6. The liability of the members is²—
 - (a) limited to the nominal value of each share held;
 - (b) limited to _____ times the nominal value of each share held;
 - (c) unlimited.
7. The number of members of the society is _____
8. The number of shares issued is _____
9. The nominal value of one share is _____ shillings.
10. The total indebtedness of the society secured by registered charges is _____ shillings.
11. The date of the annual general meeting was _____
12. The maximum liability which the society may incur in loans or deposits is _____ shillings.

²Delete whichever is not applicable.

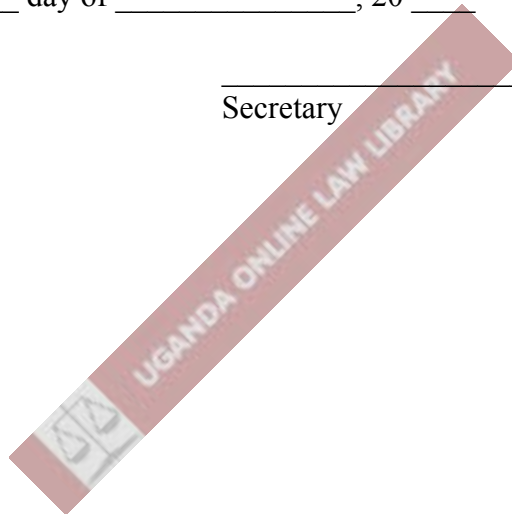
13. Particulars of officials elected for the year _____ to _____ are as follows—

Title of office	Name of holder
Chairperson	_____
Vice chairperson	_____
Secretary	_____
Treasurer	_____
Committee members	_____

A copy of the last audited balance sheet is filed with this annual return.

Dated this _____ day of _____, 20 _____

Secretary



reg. 30(5).

Republic of Uganda

Form IV.

Notice to the Registrar of the Decision of the Society as to the
Remuneration of Committee Members and Members.

The Cooperative Societies Regulations.

To: The Registrar of Cooperative Societies
P.O. Box 3585
Kampala

Dear Sir/Madam,

1. Name of society _____
2. Registered number _____
3. I beg to inform you that at a special/general¹ meeting of the above society held on _____ day of _____, 20 ____, the following resolution was passed² _____

_____.

The society has _____ members. There were _____ members present at the meeting of whom _____ voted in favour of the resolution and _____ against it.

There was accordingly a majority of the members of the society who voted in favour of the resolution.

I certify that the particulars contained above are correct.

Secretary

Dated this _____ day of _____, 20 ____

¹Delete word not applicable.

²Here copy resolution.

reg. 20(f).

Republic of Uganda

Form V.

Maximum Liability the Society May Incur in Loans and Deposits from
Nonmembers under Section 43 of the Act.

The Cooperative Societies Regulations.

To: The Registrar
P.O. Box 3585
Kampala

Name of society _____
Registered number _____

I beg to inform you that at a special/general/committee¹ meeting of the above
society held on the _____ day of _____, 20____, the following
resolution was passed:

“That the maximum liability which the society may incur in loans or
deposits from nonmembers, under section 43 of the Act, should be a
sum of _____ shillings (*in words*) and that Form V proving
details of this liability be submitted by the secretary to the registrar
for his or her direction under section 43 of the Act.”

The society has _____ members. There were _____ members present
at the meeting of whom _____ voted in favour of the resolution and
_____ against it.

Accordingly the resolution was passed by a two-thirds majority of all the
members of the society.

I certify that the particulars contained above are correct and that the details
of the proposed liability are correctly stated on the reverse of this form.

Dated this _____ day of _____, 20____

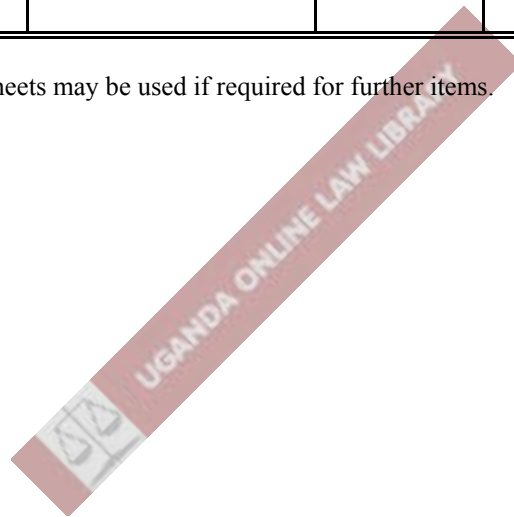
Secretary

¹Delete words not applicable.

Details of Proposed Liability.

Name of proposed lender or depositor	Details of purpose for which loan or deposit is required	Amount	Period of proposed liability (months/years/ date from date to)

Note—Additional sheets may be used if required for further items.



Republic of Uganda

Form VI.

Particulars of Mortgage or Charge Created by a Society.
The Cooperative Societies Regulations.

To: The Registrar of Cooperative Societies
P.O. Box 3585
Kampala

Dear Sir/Madam,

1. Name of society _____
2. Registered number _____
3. Date and description of the instrument creating or evidencing the mortgage or charge _____
4. Amount secured by the mortgage or charge: _____ shillings
5. Short particulars of the property mortgaged or charged _____

6. Names, addresses and descriptions of the mortgagees or persons entitled to the charge _____

Dated this _____ day of _____, 20 _____

History: S.I. 11/1993.

Cross Reference

Companies Act, Cap. 110.
