



Tuvalu

**CO-OPERATIVE SOCIETIES
REGULATIONS**

**G.N. 68/52, G.N. 133/54, G.N. 155/60, L.N. 37/64, L.N. 24/66,
8 of 1968, L.N. 28/74**



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CO-OPERATIVE SOCIETIES REGULATIONS

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CO-OPERATIVE SOCIETIES ORDINANCE (SECTION 54)

ENACTED BY THE PARLIAMENT OF TUVALU

Commencement [Date]

1 Citation

These Regulations may be cited as the Co-operative Societies Regulations.

2 Register of Societies

The Registrar shall keep or cause to be kept at his office a Register to be called the "Register of Societies" wherein shall be entered particulars relating to the registration of societies and their by-laws.

3

All original entries in the Register of Societies shall be made by, or under the direction of, the Registrar and shall be signed by him.

4

Every alteration, interlineation or erasure in the Register of Societies shall be initialled by the Registrar.

5

The Register of Societies shall be open to inspection by the public at all reasonable times and free of charge.

6 Application for Registration of Societies

- (1) Every application for the registration of a society shall be submitted to the Registrar in the form required by him.
- (2) 3 copies of the by-laws which the society proposes to adopt shall be submitted together with the application.

7 Registration

Where the Registrar decides to register a proposed society the society and its by-laws shall be registered in the Register of Societies.

8

Upon the registration of a society the Registrar shall forward to the society, free of charge —

- (a) a certificate of registration;
- (b) a copy of the by-laws of the society as approved by him and certified under his hand as having been approved by him;
- (c) a copy of the Ordinance and of the regulations in English.

9

When the Registrar refuses to register a society or its by-laws he shall record in writing the reasons for doing so.

10 Register of Members and Books and Accounts

Every registered society shall keep a Register to be called the “Register of Members” wherein shall be entered

- (a) the name, address and occupation of each member and a statement of the shares, if any, held by him;
- (b) the date on which each member's name was entered in the register;
- (c) the date on which any member ceased to be a member; and
- (d) the nominee, if any, appointed under regulation 18.

11

- (1) Every registered society shall keep such accounts and shall use such books as may from time to time be prescribed by the Registrar.
- (2) The Registrar may by order in writing direct any registered society —
 - (a) to cause such accounts and books as may be specified in the order to be written up to date as he may determine; and
 - (b) to send any return which he may require in such form and within such time as may be specified in the order.
- (3) If any registered society fails to comply with an order under paragraph (2), the Registrar may have the accounts and books written, and the returns prepared, by himself or any officer subordinate to him.
- (4) Where the accounts and books of any registered society have been written, and the returns have been prepared by any officer authorised by the Registrar, the Registrar shall determine the amount payable for such work and call upon the society to pay such amount; and if the society fails to do so, such amount shall be recovered by the Registrar.

12 Membership

- (1) No registered society shall fix any limit to the number of its members.
- (2) The election and admission of members to a registered society, other than original members, shall be in such manner and on such conditions as the by-laws shall prescribe.

13

A member may withdraw from a registered society by giving written notice to the secretary, but such withdrawal shall be without prejudice to section 31 (1).

14

If a member acts in contravention of the regulations or by-laws or acts in any way detrimental to the interests of the registered society, such member may be expelled by a vote of two-thirds of the members present at a general meeting upon a charge communicated to him in writing by the committee not less than 1 week before the meeting. Such expulsion shall, however, be without prejudice to section 31 (1).

15

Any member who loses any of the qualifications for membership prescribed by the Ordinance or the regulations or the by-laws shall cease to be a member of the registered society, and the committee shall cause his name to be struck off the Register of Members without prejudice to any liabilities of such person under section 31 (1).

16 Purchase by society of shares from members and repayment of money paid towards purchase of shares

- (1) Unless the Registrar otherwise in writing directs, every registered society having limited liability which has issued shares to obtain funds shall form and maintain a fund, which shall be known as the share transfer fund, to meet expenditure which may be incurred by such society in purchasing the shares of members whose membership has terminated with the consent of the committee. Such fund shall be formed from moneys allocated to it by the society from that part of the net surplus of the society remaining after the carrying into the general reserve fund of the proportion of its net surplus for any period as required under section 36 (1).
- (2) No payment from the share transfer fund shall be made for the purchase of the shares of any member whose membership has terminated without the consent of the committee.
- (3) No purchase of the shares of a member whose membership has terminated by reason of any cause other than death shall be made by any such society as aforesaid except with moneys then available in the share transfer fund and the prior consent in writing of the Registrar under paragraph (6) to such purchase having been first had and obtained.
- (4) The amount standing to the credit of the share transfer fund shall include the value of any unallocated shares purchased from members under the foregoing provisions of this regulation and such amount shall at no time exceed 10 per cent of the subscribed share capital of the society.
- (5) The shares of members purchased under the preceding provisions of this regulation shall be re-issued before any new allocation of shares is made.
- (6) It shall be in the entire discretion of the Registrar to give, or to refuse to give, his consent under paragraph (3) to any intended purchase. His decision to give, or not to give, such consent shall be final and conclusive and he shall not be called upon or obliged to ascribe any reasons therefor. Such consent as aforesaid may be given either generally or in respect of any particular transaction and may be given either unconditionally or subject to such conditions as the Registrar, in his discretion, may see fit to impose.

- (7) No member withdrawing, removed or expelled from any registered society having limited liability shall be entitled to any repayment by the society of any money paid by him to the society towards the purchase of its shares.

17 Dealings with non-members

The Registrar shall have power to prohibit or restrain transactions of any registered society with any persons who are not members of the society if the Registrar is of the opinion that such transactions are opposed to co-operative principles or involve an abuse of any of the privileges accorded to registered societies or involve an evasion of income tax or a breach of any rules or orders of Government.

18 Nominees

- (1) Every appointment of a nominee by any member of a registered society for the purpose of section 17 shall be made in writing signed by the member in the presence of 2 attesting witnesses.
- (2) No member of a registered society with share capital shall be entitled to appoint more than 1 nominee unless that member holds more than 1 share.
- (3) In any case where more than 1 nominee is appointed by any member, the number of shares to be transferred, or the exact proportions of the amount available that is 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.
- (5) For the purpose of a transfer to 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 by-laws of the registered society otherwise provide.
- (6) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or his guardian shall be sufficient discharge to the registered society.

19 Division of Profits

- (1) Unless otherwise authorised by the Minister under section 36 (1), no dividend or payment on account of profits shall be made by a society registered with unlimited liability until the general reserve fund has

reached a proportion of not less than one tenth of the society's total liabilities.

- (2) No registered society shall pay a dividend if the rate of interest on loans granted by it to its members exceeds 12 per cent per annum.
- (3) No registered society shall pay a dividend on share capital exceeding 7 per cent per annum on the capital actually paid up.
- (4) Upon the auditing of the accounts of any registered society for any period under section 37 (1) and the carrying of one-fourth part of the net surplus for such period as shown in such accounts into general reserve as required by section 36 (1), the net balance of such surplus may after the payment therefrom of any such dividend on share capital as shall be determined under these Regulations and the making of such other provision as may be necessary for the proper conduct of the society, be divided, where such society is a society which has among its principal functions trading or dealing in goods of any kind, amongst the members thereof as a bonus or rebate in proportion to the value of business each member has transacted with the society during the period in question or, where such society is not a society as aforesaid, be distributed as a bonus on the wages or the value of the products of each member, or may be devoted to reducing the cost of services to members.
- (5) The Registrar may prohibit a registered society from paying a bonus or distributing any part of its accumulated funds to any person without the Registrar's authorisation in writing.

20 Maximum Liability

- (1) Every registered society shall, from time to time, fix at a general meeting the maximum liability it may incur in loans or deposits whether from members or non-members.
- (2) The maximum so fixed shall be subject to the sanction of the Registrar, who may at any time reduce it. No registered society shall receive loans or deposits which will make its liability exceed the limit sanctioned by the Registrar.

21 General Meetings

The supreme authority in a registered society shall be vested in the general meeting of members at which every member has a right to attend and vote on all questions. Subject to the provisions of sections 26 and 27, each member shall have 1 vote only which shall be exercised in person and not by proxy.

22

The first general meeting of members shall have the same powers as are given to the annual general meeting, and shall be held immediately or not later than 1 month after the receipt of the certificate of registration of the society.

23 Annual General Meeting

The annual general meeting of members shall be convened by the committee not later than 1 month after the report on the audit of the accounts of the registered society by the Register or person authorised by him is received by the committee, and at least 8 days' notice shall be given before any such general meeting is held:

Provided that the Registrar may at any time after the audit of the accounts has been completed convene the annual general meeting which shall proceed as if it had been convened by the committee.

24

The functions of the annual general meeting shall be —

- (a) to confirm the minutes of the previous annual meeting and of any intervening special general meeting;
- (b) to consider the accounts together with the reports of the committee and the report on the audit of the accounts of the registered society for the previous year as prepared by the Registrar or the person authorised by him;
- (c) to decide upon the manner in which any moneys available for utilisation in accordance with regulation 19(4) shall be dealt with;
- (d) to fix, or make any necessary alterations to, the amount of maximum liability required to be fixed by regulation 20 (1);
- (e) whenever required to do so by the by-laws to appoint by election the members of the committee of the society and to elect any person who is to represent the society at any meeting of any other co-operative society, body or persons;
- (f) to fix the remuneration of the members of the committee;
- (g) to consider any estimates of income and expenditure for the ensuing year proposed to be forwarded to the Registrar in fulfilment of any requirement made under regulation 41 (c);
- (h) to hear and decide upon any complaints brought by members aggrieved by a decision of the committee:

Provided that notice of such complaints to be brought before the meeting has been given to the secretary at least 2 days prior to the meeting; and

- (i) to transact any other general business of the registered society.

25 Special General Meeting

A special general meeting of members may be convened at any time by the committee; and on receipt of a demand stating the object of the proposed meeting signed by not less than one-fifth of the members of the registered society, if such society is composed of less than 100 members, or by 25 members if such society consists of 100 or more members, it shall be the duty of the chairman of the committee to convene such a meeting giving 8 days' notice. If the chairman of the committee fails to convene a meeting within 14 days from the receipt of a demand as aforesaid the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the chairman of the committee to convene the meeting demanded:

Provided that the Registrar or a person authorised by him may at any time summon a special general meeting of the registered society in such manner and at such time and place as he may direct. He may also direct what matters shall be discussed at the meeting. Such meeting shall have all the powers of a meeting called according to the regulations.

26 Quorum at General Meetings

- (1) The quorum at general meetings of registered societies shall be as prescribed in the by-laws of the society:

Provided that when a meeting is convened by the Registrar, any members present at such a meeting may, if the Registrar, in his discretion, shall so decide, be deemed to form a quorum.

- (2) If within 1 hour after the time fixed for any meeting, other than a meeting convened by the Registrar, the members present are not sufficient to form a quorum, such meeting shall be considered as dissolved if convened on the demand of members; in all other cases it shall stand adjourned to the same day in the next week at the same time and place and a notice to that effect shall be posted by the secretary within 24 hours, and if at the adjourned meeting a quorum is not present within 1 hour from the time appointed for the meeting, the members present shall form a quorum.

27 Chairman of General Meetings

- (1) At all general meetings of the society the chairman of the committee or, if he is absent or unwilling to preside, any other person elected for the purpose by the majority of members present shall preside:
Provided that the Registrar or a person appointed by him may preside at any meeting convened by or on the demand of the Registrar.
- (2) The secretary or in his absence any other person nominated in writing by the chairman shall act as secretary at the meeting. The chairman, if necessary, may nominate other officers to assist at the meeting.
- (3) The chairman may by the decision of the meeting adjourn the meeting from time to time and from place to place, but no business shall be transacted at any meeting so adjourned other than the business left unfinished at the meeting from which the adjournment took place.
- (4) The chairman shall have the right to order the closure of a discussion and put the matter to the vote.

28 Voting at Meetings

Any question submitted to the decision of the members present at a meeting, unless otherwise dealt with in the regulations, shall be decided by a majority of votes.

29

- (1) At any meeting a resolution put to the vote shall be decided on a show of hands unless voting by call of names or a ballot is demanded by at least 5 of the members present before the declaration of the result of the show of hands, and in such case voting by call of names or a ballot shall be taken as the case may be.
- (2) The chairman shall have an ordinary vote and in case of an equality of votes shall be entitled to a casting vote. In the case of a meeting convened by the Registrar and presided over by him or his representative, he or his representative shall not be entitled to vote and a motion on which the voting is equal shall be deemed to be lost.
- (3) In respect of every resolution put to the vote the chairman shall declare whether it has been carried or lost, and whether on a show of hands or unanimously or by a particular majority, and an entry to that effect in the minute book shall be conclusive evidence of anything therein contained.

30 Minutes of General Meetings

- (1) Minutes of the meetings shall be entered in the minute book and signed by the chairman and secretary before the dissolution or adjournment of the meeting and shall contain —
 - (a) the number and names of the members present at the meeting and the name of the chairman or of the person who presided at the meeting;
 - (b) the time fixed for the meeting and the time the meeting commenced;
 - (c) the total number of members on the date on which the meeting was held; and
 - (d) all resolutions passed or decisions made at the meeting.
- (2) The Registrar may direct that a copy of the minutes of any general meeting of a registered society shall be sent to him.

31 Election of members of committee etc.

- (1) The committee shall consist of such number of members as the bylaws shall prescribe and they shall be appointed by election at an annual general meeting in the manner prescribed by the by-laws.
- (2) Subject to the other provisions of this regulation, members of the committee shall hold office until the appointment of a new committee and shall be eligible for re-election or re-appointment:

Provided that any elected member of the committee may be suspended or removed by a majority of three-fourths of the members present and voting at a special general meeting.
- (3) If a special general meeting removes any member of the committee it shall forthwith elect a new member who shall hold office until the appointment of a new committee.
- (4) Where during the term of office of the committee a vacancy occurs among the members thereof, the committee may co-opt any member of the society to fill the vacancy until the appointment of a new committee.
- (5) The quorum at committee meetings shall be as prescribed by the by-laws.
- (6) The members of the committee shall elect from among themselves a chairman and in the temporary absence of the chairman from any meeting of the committee the members present shall elect 1 of their number to preside at that meeting.

- (7) The chairman or other person presiding at a meeting of the committee shall have a casting vote in addition to his deliberative vote.
- (8) A member shall not be eligible for election to the committee if —
- (a) he is an undischarged bankrupt, having been adjudged or otherwise declared bankrupt under any law for the time being in force in any part of the Commonwealth;
 - (b) he is certified insane or otherwise adjudged to be of unsound mind under any law for the time being in force in Tuvalu;
 - (c) he is holding any office of profit under the society or is in receipt of any honorarium from it, and does not hold the Registrar's written consent to his serving as a member of the committee notwithstanding his holding such office or receiving such honorarium;
 - (d) he, or any firm of which he is a partner or a member, is engaged in any trade or business which —
 - (i) where the membership in question is of the committee of any society which has among its principal functions the making or guaranteeing of advances to its members, is a moneylender; or
 - (ii) where the membership in question is of the committee of any society which has among its principal functions trading or dealing in goods of any kind, trades or deals (whether as principal or agent) in such goods.
- (9) The seat of any member of the committee shall become vacant if —
- (a) he dies;
 - (b) he resigns by writing under his hand addressed to the committee;
 - (c) his office is deemed to have become vacant under regulation 35;
 - (d) he is convicted by a court of any offence involving dishonesty, or is under a sentence of imprisonment (by whatever name called) for a term exceeding 3 months, other than a sentence in lieu of a fine, but including a suspended sentence, imposed on him by a court in any part of the Commonwealth or substituted by competent authority for some other sentence imposed on him by such a court;
 - (e) he ceases to be a shareholder in the society;
 - (f) where he represents a primary society in any secondary society, he ceases to be a member of such primary society; and
 - (g) any circumstances arise which, if he were not a member of the committee, would cause him to be disqualified for appointment by

election as such by virtue of paragraphs (a), (b), (c) or (d) of paragraph (7).

32 Duties of Committee

- (1) The committee
 - (a) shall carry out such functions in the management of the affairs of the society as have not been assigned to the general meeting or to an officer of the society by these Regulations or other regulations made under the Ordinance or by the by-laws;
 - (b) shall represent the society in all dealings and transactions with third persons and may institute, defend or settle suits brought in the name of or against the society;
 - (c) may bind the society in contract:

Provided that it may not borrow money on behalf of the society in excess of the limit sanctioned by the Registrar under regulation 20.

- (2) The committee shall always keep a copy of the latest annual balance sheet of the society, together with the report referred to in regulation 23, available for inspection by any person entitled to see them.
- (3) In addition to its other duties, the committee of each society shall —
 - (a) comply with the Ordinance, regulations made under it and the by-laws of the society;
 - (b) maintain true, full and accurate records and accounts;
 - (c) keep and correctly maintain a register of all the members of the society;
 - (d) lay before the annual general meeting of the society an income and expenditure account, an audited balance sheet and estimates of income and expenditure for the ensuing year;
 - (e) assist and facilitate the inspection of any books, records or property of the society by any person entitled to inspect the same and in particular at all times keep readily available a copy of the latest annual balance sheet together with the latest audit report for inspection by any such person;
 - (f) ensure where the society has among its principal functions the making or guaranteeing of advances to members that loans made by the society for any specific purpose are applied to that purpose and that proper security is taken for such advances in accordance with the by-laws of the society;

- (g) where the society is one which has among its principal functions trading or dealing in goods of any kind, to ensure that all contracts made between the society and its members are duly observed;
- (h) in their conduct of the affairs of the society the committee shall exercise the ordinary prudence and diligence of men of business and shall be liable both jointly and severally for any loss occasioned to members of the society by the committee as a result of any contravention of the Ordinance, of regulations made thereunder or of the by-laws.

33 Meetings of Committee

The committee shall hold meetings not less frequently than once a month, or as directed by the Registrar, at which —

- (a) the minutes of the previous meeting shall be read;
- (b) the accounts, bank book and cash in hand 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 such loans authorised;
- (d) any current business shall be considered.

34 Minutes of Meetings of Committee

Minutes of committee meetings shall be recorded forthwith by the secretary in the minute book and shall be signed by the chairman or other presiding member and by the secretary and shall contain the following particulars —

- (a) the names of the members present and the date of the meeting;
- (b) the total number of members on the date on which the meeting was held;
- (c) the name of the chairman or other presiding member; and
- (d) a short statement of all matter discussed and decisions made, and a record as to whether each decision was made unanimously or by a majority.

35 Failure to attend Meetings of Committee

Any member of the committee who, without due excuse approved by the committee, fails to attend at 3 consecutive meetings of the committee, shall be deemed to have vacated his office which shall thereupon be filled as provided by regulation 31.

36 Banking Account

- (1) The committee may with the written approval of the Registrar open a banking account.
- (2) Unless otherwise approved by the Registrar in writing all cheques shall be signed by at least 2 persons each of whom shall be either a member of the committee or some other officer of the society.

37 Employees

- (1) The committee may
 - (a) appoint such clerks or employees as it considers necessary; and
 - (b) fix the salary, wages or remuneration of every such clerk or employee.
- (2) Every clerk or employee appointed under this regulation shall hold office during the pleasure of the committee.
- (3) A registered society shall, subject to any contrary direction by the Registrar, not appoint any person as its paid officer or servant unless such person gives security in such form and in such amount as the Registrar may fix for the kind of service to be performed by such an officer or a servant or for the class of society to which that registered society belongs.
- (4) The committee may delegate the exercise of any power or the performance of any duty conferred or imposed on it by or under the Ordinance or the by-laws to any officer of the society that the committee considers competent to exercise that power or to perform that duty.

38 Loans

- (1) Except as otherwise provided by the Ordinance a registered society shall not make a loan to any person other than a member and where the by-laws of a society permit loans to be made to members this regulation shall apply.
- (2) An application shall be made to the committee in such form as the Registrar may direct.
- (3) The application shall be considered at a meeting of the committee, and if the committee are satisfied that —
 - (a) the loan is adequately secured;
 - (b) the applicant is trustworthy;
 - (c) it is in the interest of the applicant and the society generally that the loan should be made;

and the committee approve of the purpose for which the loan is registered, the committee may sanction the loan.

- (4) No loan shall be advanced until the terms upon which it is made have been reduced to writing to the satisfaction of the committee.
- (5) It shall be a condition of every loan that the borrower shall apply the proceeds of the loan to the purpose for which it was given.
- (6) Every loan shall become immediately repayable upon breach of any of the conditions thereof.
- (7) The committee may, for good cause, extend the time for repayment of any loan.
- (8) In all matters appertaining to loans the committee shall act in accordance with the directions of the Registrar who may prohibit a society from making a loan to any person.

39 Prohibition of Credit Sales

The Registrar may prohibit a society either generally or in a particular case from supplying goods or services to any member or other person who is unable to pay cash therefor.

40 Marketing

Any question as to the breach of a by-law relating to the disposal of produce to or through the society, or the breach of a condition of any contract between the society and a member relating to such matter and the assessment of any liquidated damages for such breach shall be dealt with under section 52.

41 Bad Debts

The committee may, with the approval of the Registrar, cause bad debts to be written off the books of the registered society in such manner and at such times as the Registrar may deem fit.

42 Preparation of Annual Accounts and Report

The committee shall in every year and as soon as conveniently possible within such time as the Registrar may direct —

- (a) cause the secretary to prepare and send to the Registrar the yearly balance sheet closed, on such annual date as may be specified in the by-laws or, where no such specification is made, as the Registrar, in

- his discretion, may see fit to specify either generally in relation to all societies or particularly in relation to any society or societies;
- (b) prepare a report on the year's working of the registered society to be presented to the annual general meeting;
 - (c) if required by the Registrar, cause the secretary to prepare and forward to the Registrar an estimate of income and expenditure for the ensuing year after the approval of such estimate at a general meeting of the society; and
 - (d) cause the secretary to prepare and forward to the Registrar such monthly or quarterly returns in the form prescribed, as the Registrar may require.

43 Estimate of Income and Expenditure

- (1) If so required by the Registrar the secretary of a society shall in consultation with the committee prepare an estimate of income and expenditure for the next following year and shall transmit the same to the Registrar for his approval.
- (2) Without prejudice to the generality of the foregoing every estimate prepared under this regulation shall include any proposed expenditure by the society in acquiring land, buildings, plant or machinery.
- (3) A society shall not incur any expenditure in excess of that for which provision is made in the estimate unless that additional expenditure has been approved in writing by the Registrar.
- (4) No part of the funds of a registered society shall be used for the acquisition of land, buildings, plant or machinery without the prior approval of the general meeting of the society and of the Registrar whose approval shall be in writing.

44 Approval of Expenditure

No society shall in any year incur any expenditure in excess of that provided for in the estimate of expenditure for that year approved by the society in general meeting unless such additional expenditure is specially approved by the society in general meeting and by the Registrar.

45 Transfer of Shares

- (1) Any share may be transferred with the approval of the committee to any other member or the society at the option of the transferor, but if the transferee is not a member of the society he must be approved as a

member by the committee or the general meeting according to the by-laws relating to the admission of members, before the transfer can be registered; and if the by-laws require a member to hold more than 1 share, the transferee must acquire by the transfer, or by the transfer and allotment, the number so required to be held before the transferor can be registered.

- (2) Special transfer forms shall be provided by the Registrar.
- (3) No transfer of a share shall be valid and effective unless and until such transfer has been registered by the secretary on the direction of the committee.
- (4) No transfer of a share shall be registered if made by a member indebted to the registered society without special order of the committee, and until the transfer of a share is registered, no right shall be acquired against the registered society by the transferee, nor shall any claim of the registered society upon the transferor be affected thereby.
- (5) Unless the Registrar otherwise in writing direct every registered society having limited liability which has issued shares to obtain funds shall form and maintain a fund, which shall be known as the share transfer fund, to meet expenditure which may be incurred by the society in purchasing the shares of those whose membership of the society has terminated.
- (6) An expenditure such as is referred to in paragraph (5) shall be met from the share transfer fund alone.
- (7) The share transfer fund shall be formed from moneys allocated to it by the society from that part of the net surplus of the society remaining after the carrying into the general reserve fund of the proportion of its net surplus for any period as required by section 34 (1).
- (8) The amount standing to the credit of the share transfer fund shall include the value of any unallocated shares purchased from members by the society under this regulation and that amount shall at no time exceed 10 per cent of the subscribed share capital of the society.
- (9) The shares of members purchased by the society under this regulation shall be re-issued before any new allocation of shares is made.

46 Sales of Shares of Members in default

The committee may, in default of payment by any member indebted to the registered society to an amount not less than three-fourths of the sum paid up for the time being on any transferable share held by him, sell, transfer, and register in the books of the registered society, such share to any person entitled to hold the same under the rules or by-laws for the best price obtainable therefor, and

apply the proceeds in or towards the discharge of the debt so due and of any expense incurred in or about the same, paying over the balance (if any) to the member, without being responsible for any loss occasioned thereby, and the defaulting member shall cease to have any further claim in respect of such share.

47 Secretary

- (1) The Committee shall appoint a secretary and, unless the person so appointed is a member of the committee, the Registrar shall appoint a secretary and, unless the person so appointed is a member of the committee, the Registrar shall fix his remuneration. Every appointment made by the Registrar under this paragraph shall be valid and effective, and every remuneration fixed by the Registrar shall be payable and recoverable, as if made or fixed by the committee.
- (2) The secretary, if a member of the committee, shall be unpaid
- (3) No appointment made under paragraph (1) shall be valid and effective and no remuneration fixed thereunder shall be payable or recoverable, unless approved by the Registrar. Every such approval shall be communicated in writing by the Registrar to the committee.
- (4) In the event of failure on the part of the committee to appoint a secretary, the Registrar shall appoint a secretary and, unless the person so appointed is a member of the committee, the Registrar shall fix his remuneration. Every appointment made by the Registrar under this paragraph shall be valid and effective, and every remuneration fixed by the Registrar shall be payable and recoverable, as if made or fixed by the committee.
- (5) The secretary shall occupy his office until his services are determined by 1 month's notice in writing given by the committee:

Provided that no determination as aforesaid shall be valid and effective until the approval of the Registrar in writing has been obtained therefor.

- (6) The secretary may resign his office by giving 1 month's notice to the committee in writing.
- (7) On the occurrence of a vacancy in the office of the secretary, the provisions of this rule shall apply *mutatis mutandis* to the filling of such vacancy.

48 Payment of Secretary

The remuneration of the secretary, if any, shall be paid from the funds of the registered society monthly in arrear.

49 Security by Secretary

- (1) The secretary may be required to give security in such amount as the committee may determine.
- (2) Every such security and the amount thereof shall be subject to the approval of the Registrar to be signified in writing to the committee.

50 Suspension of Secretary

- (1) The committee may at any time suspend the secretary for any irregularity in the performance of his duties.
- (2) Such suspension shall be reported forthwith to the Registrar, who shall approve or disallow the same and shall communicate his decision to the secretary and the committee in writing, and, on notification of his approval of the suspension, the services of the secretary shall be determined without further notice.
- (3) In the event of the suspension of the secretary the committee shall forthwith appoint a substitute to hold office during the period of such suspension and shall report the name of such substitute to the Registrar.

51 Temporary Absence of Secretary

- (1) The secretary shall not absent himself from duty save with the permission of the committee previously obtained.
- (2) During the absence of the secretary, the committee shall appoint a temporary secretary and shall report the appointment to the Registrar.
- (3) In case the secretary desires to be absent from duty for more than 1 month at any one time the committee shall, before granting permission for such absence, obtain the previous approval of the Registrar therefor.

52 Duties of Secretary

The duties of the secretary shall be —

- (a) to attend all meetings of the registered society and of the committee and to carry out all the instructions of the committee;
- (b) to be present at the office during the hours of business as fixed from time to time by the committee;
- (c) to record the whole of the transactions of the registered society in the books provided for that purpose; to conduct correspondence on behalf of the registered society; to prepare the annual statement of

accounts and balance sheet; and to have charge of the documents, books and vouchers for payments and receipts on behalf of the registered society;

- (d) to receive all applications for loans and bring the same before the committee; to prepare receipts and other documents in the form prescribed for signature by borrowers prior to their taking the loans sanctioned; and, with the authority of the committee, to supply information about the registered society which may be applied for by members;
- (e) to receive all moneys due or payable to the registered society and issue receipts to the payer for same from a counterfoil receipt book supplied to the registered society for the purpose by the Registrar, obtaining at the same time the signature of the person making the payment on the counterfoil;
- (f) to deposit with the treasurer, if one has been appointed, from moneys collected by him on behalf of the registered society all sums in excess of an amount to be fixed from time to time by the committee and to obtain from him a receipt on a form to be taken from the prescribed counterfoil book;
- (g) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys; and to produce, at all times when called upon, to the committee, or the Registrar or any person authorised by him, all moneys in his hands belonging to the registered society;
- (h) to make payments as authorised by the committee, obtaining the payee's signature on the payment book prescribed by the Registrar:

Provided that if the payment is made outside the registered society's office the secretary shall, in every instance, obtain from the payee a manuscript receipt and attach it to a separate page of the payment book;

- (i) to issue a receipt on a form to be taken from the prescribed counterfoil book when receiving money from the treasurer;
- (j) to summon meetings as provided in the rules; and
- (k) any other duties which the by-laws or the committee of the society shall require him to do.

53 Appointment of a Manager

- (1) The committee may, with the approval of the Registrar, appoint a manager, who shall be subject to the direction and control of the committee and whose duties may include —

- (a) the general management and conduct of the current business of the society and, when authorised in that behalf, the signing of documents on behalf of the committee;
 - (b) all such duties as may be entrusted or delegated to him by the committee; and
 - (c) attending all general meetings of the society and all meetings of the committee for the purpose of giving information or tendering advice.
- (2) The post of manager of the society may, in the discretion of the committee and with the approval of the Registrar, be held by 1 person conjointly with that of secretary of the society.

54 Treasurer

- (1) The committee may appoint 1 of the members of the committee not being the chairman, to be the treasurer.
- (2) The treasurer may be required to give security for such amount as may be determined by, and to the satisfaction of, the committee.
- (3) The duties of the treasurer shall be —
 - (a) to receive from the secretary as provided in regulation 52 (f) moneys collected by the secretary on behalf of the society and to furnish him with a receipt therefor in the form for the time being approved by the Registrar;
 - (b) to advance money to the secretary for payments and obtain from him a receipt in the form for the time being approved by the Registrar;
 - (c) to place to the account of the registered society in such bank as may be approved by the Registrar any amount in his hands in excess of the amount fixed from time to time by the committee;
 - (d) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys; and to produce, at all times when called upon, to the committee, the Registrar or any person authorised by him, all moneys in his hands belonging to the registered society; and
 - (e) to keep a record on the prescribed form of all moneys received by him from the secretary and of all moneys paid to the secretary.

55 Secretary or Manager may perform duties of a Treasurer

If no person has been appointed to be the treasurer of a society, the duties placed upon the treasurer by paragraphs (c) and (d) of regulation 54 (3) may be performed by the society's secretary or its manager, as the committee may direct.

56 Use of Funds

- (1) The general reserve fund of a registered society created in pursuance of section 36 (1) shall be invested in accordance with section 33 but may, with the sanction of the Registrar —
 - (a) be utilised in the business of the registered society; or
 - (b) be applied to meet occasional deficiencies incurred by the registered society.
- (2) In sanctioning the utilisation or application of the general reserve fund under paragraph (1) the Registrar may impose such terms and conditions as he may deem fit.
- (3) The general reserve fund shall be indivisible and no member shall be entitled to claim any specified share therein.

57 Audit of Accounts

In pursuance of section 37, the accounts of every registered society shall be audited once at least in every year by some person authorised by the Registrar. Such person shall have access to all the books and accounts of the registered society and shall examine every balance sheet and annual return of the receipts and expenditure, funds and effects of the registered society, and shall verify the same with the accounts and vouchers relating thereto, and shall either sign the same as found by him to be correct, duly vouched and in accordance with the Ordinance, and shall report to the Registrar accordingly, or shall specially report to the Registrar in what respects he finds the same incorrect, unvouched or not in accordance with the Ordinance; and the Registrar shall thereupon forward the report of such person to the committee.

58 Audit and Supervision Fund

- (1) There shall be constituted a fund to be known as the Audit and Supervision Fund and every registered society shall, when called upon to do so by the Registrar, make annually a contribution to such fund.
- (2) Until such time as a society has been established and registered for the purposes of supervision and audit, such contributions shall be held by the

Registrar and administered by him on behalf of the contributing registered societies.

- (3) So long as the Registrar administers the fund on behalf of the contributing registered societies, he shall report in every year to the Government in respect of the income derived from contributions, the expenditure he has sanctioned from the fund and the balance in his hands.
- (4) As soon as a society for supervision and audit has been established and registered, the fund shall be credited to such society and shall be utilised by such society in accordance with its objects and by-laws.
- (5) Until a society for supervision and audit has been established and registered, the amount to be contributed in each financial year by every registered society called upon under paragraph (1) shall be such amount as the Registrar shall from time to time determine:

Provided however that such amount in the case of any such registered society shall not be less than \$20 or more than 1 per cent of the aggregate amount of all sales effected and work done by that society in the financial year immediately preceding that in respect of which such contribution is required to be made; and in this paragraph, “financial year” means any period of 12 months ending on the 31st day of March in any year.

59 By-laws

- (1) The by-laws of a proposed society shall contain provision in respect of the following matters —
 - (a) the name of the society;
 - (b) the registered address of the society;
 - (c) the objects for which the society was established;
 - (d) the purposes to which the funds may be applied;
 - (e) the qualifications for membership, the terms of admission of members, and the mode of election.
 - (f) the nature and extent of the liability of members;
 - (g) the manner of raising funds, including the maximum rate of interest on deposits;
 - (h) the total number of members of the committee;
 - (i) the quorum of the committee; and
 - (j) such other matters relating to the operation and purposes of the society as the Registrar may approve.

- (2) If the objects of the proposed society include the creation of funds to be lent to the members the proposed by-laws shall, in addition, contain provision in respect of the following matters —
- (a) the occupation or residence of the members;
 - (b) the conditions on which loans may be made to members, including —
 - (i) the rate of interest, and
 - (ii) the maximum amount which may be lent to a member; and
 - (c) the consequences, if any, of default in the payment of any sum due on account of shares.

60 Amendment of By-laws

- (1) Where in pursuance of the provisions of section 10 (1) a registered society amends its by-laws, such amendment shall be made by a resolution of the members of the registered society at a general meeting.
- (2) Every resolution under paragraph (1) shall not be valid and effective unless it was taken by a majority of not less than three-fourths of the members present at the general meeting at which the resolution was proposed.
- (3) A copy of a resolution under paragraph (1) shall be forwarded to the Registrar together with 3 copies of the amendment.

61 Copies of Entries

For the purposes of section 20 a copy of an entry in the book of a society may be certified by a certificate written at the foot of such copy, declaring that it is a true copy of such entry and that the book containing the entry is still in the custody of the society, such certificate being dated and signed by the secretary and 1 member of the committee.

62 Reference of a dispute to the Registrar for decision

- (1) Reference of a dispute to the Registrar for decision under the provisions of section 52 (1) maybe made —
- (a) by the committee; or
 - (b) by the registered society in pursuance of a resolution in that behalf taken in general meeting; or
 - (c) by any party to the dispute; or

- (d) where the dispute concerns a member of the committee and the registered society, by any member of the registered society.
- (2) Every reference under this regulation shall be made by a statement in writing addressed to the Registrar. Such statement shall —
 - (a) be dated;
 - (b) specify the dispute;
 - (c) set out full particulars of the dispute; and
 - (d) be signed by the party making it.

63 Reference to Arbitration by the Registrar

- (1) Where, in pursuance of the provisions of section 52 (2) (b), the Registrar decides to refer a dispute to arbitration, such decision shall be embodied in an order of reference under his hand.
- (2) Every order of reference under this regulation shall —
 - (a) specify the name, surname, place of abode and occupation of the arbitrator or arbitrators;
 - (b) set out the dispute and full particulars thereof; and
 - (c) limit the time within which the award shall be forwarded by the arbitrator or arbitrators to the Registrar:

Provided that, on good cause shown to his satisfaction, the Registrar may by a further order enlarge the time whether before or after the time limited by the order of reference has expired.

- (3) Where the Registrar decides to refer a dispute to more than one arbitrator such reference shall be to 3 arbitrators, of whom 1 shall be nominated by each of the parties to the dispute and the third shall be nominated by the Registrar and shall act as chairman.
- (4) Where under paragraph (3) reference is made to 3 arbitrators, the following provisions shall have effect —
 - (a) if any party to the dispute fails to nominate an arbitrator within such time as the Registrar may specify, the Registrar may make the nomination himself;
 - (b) if an arbitrator nominated by one of the parties to the dispute dies or refuses or neglects to act, or by absence or otherwise becomes incapable of acting, the Registrar shall call upon the party concerned to nominate a new arbitrator within such time as the Registrar may specify, and if no new arbitrator is nominated accordingly, the Registrar may nominate one himself;

- (c) if the arbitrator who dies, or refuses or neglects to act, or becomes incapable of acting, was nominated by the Registrar, a new arbitrator shall be nominated in his place by the Registrar; and
- (d) the opinion of the majority of the arbitrators shall prevail.

64 Proceedings before the arbitrator or arbitrators

- (1) The proceedings before the arbitrator or arbitrators 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 have effect in respect thereof —
 - (a) notice of the time and place at which the proceedings are to be held shall be given to the parties to the dispute, and such notice shall be a 10 days' notice;
 - (b) a record of the evidence adduced before the arbitrator or arbitrators shall be made, dated and signed by the arbitrator or arbitrators;
 - (c) documents produced as exhibits before the arbitrator or arbitrators shall be marked, dated and initialled by the arbitrator or arbitrators 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 or arbitrators *ex parte*.
- (2) The award of the arbitrator or arbitrators shall —
 - (a) be in writing;
 - (b) be dated and signed by the arbitrator or arbitrators; and
 - (c) state the amount of the costs and expenses of the arbitration, if any, and by which party or parties to the dispute the same are to be paid.
- (3) Upon the completion of the proceedings, the arbitrator or arbitrators shall forward to the Registrar —
 - (a) the file of the proceedings; and
 - (b) the award.

65 Proceedings before the Registrar

Where, in pursuance of section 52(2)(a), the Registrar exercises the power of deciding a dispute himself, the proceedings before him in relation thereto shall, as nearly as possible, be conducted in the same way as proceedings before a court of law and the provisions of regulation 61 shall apply *mutatis mutandis* to such proceedings.

66 Fees

The fees specified in the schedule hereto shall be payable for the matters to which they relate.

SCHEDULE OF FEES

(Regulation 66)

For the registration of a society of which no member is a registered society \$4

For the registration of a society of which a member is a registered society \$20

ENDNOTES**Table of Legislation History**

Legislation	Year and No	Commencement

Table of Renumbered Provisions

Original	Current

Table of Endnote References