

*Cooperative Societies Law (1997 Revision)*

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**THE COOPERATIVE SOCIETIES LAW (CAP. 25)**

**(1997 Revision)**

Revised under the authority of the Law Revision Law (19 of 1975).

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**COOPERATIVE SOCIETIES LAW**

**(1997 Revision)**

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**COOPERATIVE SOCIETIES LAW**

**(1997 Revision)**

**PART I-Introductory**

1. This Law may be cited as the Cooperative Societies Law (1997 Revision). Short title

2. In this Law- Definitions

“bonus” means a share of the profits of a registered society divided among its members in proportion to the volume of business done with the society by them from which the profits of the society were derived;

“committee” means the governing body of a registered society to whom the management of its affairs is entrusted;

“dividend” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;

“Judge” means a Judge of the Grand Court;

“member” includes a person or registered society joining in the application for the registration of a society and a person or registered society admitted to membership in accordance with the rules;

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“officer” includes the chairman, secretary, treasurer, member of the committee or other person empowered under the regulations or rules to give directions in regard to the business of a registered society;

“registered society” means a cooperative society registered under this Law;

“Registrar” means the Registrar of Cooperative Societies appointed under section 3 and includes any person when exercising such powers of the Registrar as may have been conferred upon him under that section;

“regulations” means regulations made under this Law; and

“rules” means the rules made by a society registered under this Law.

**PART II-Registration**

Appointment of  
Registrar and Assistant  
Registrars

3. The Governor may appoint a Registrar of Cooperative Societies for the Islands and persons to assist such Registrar and may, by general or special order published in the Gazette, confer on any such persons all or any of the powers of a Registrar.

Societies which may be  
registered

4. Subject to this Law, a society may be registered which-

- (a) has as its object the promotion of the economic interest of its members in accordance with cooperative principles and consists of not less than ten members each of whom is qualified under section 23 for membership; or
- (b) is established with the object of facilitating the operations of a society described in paragraph (a) and includes among its members at least two registered societies.

Conditions of  
registration

5. (1) The word "cooperative" shall form part of the name of every registered society.

(2) The liability of every registered society which includes one or more registered societies among its members shall be limited.

(3) The word "limited" shall be the last word in the name of every registered society with limited liability.

(4) No society shall be registered under this Law under a name identical with that under which any other existing society is registered or so nearly resembling such name as to be likely to mislead the members of the public as to its identity.

Application for  
registration

6. (1) For the purpose of registration, an application shall be made to the Registrar.

(2) The application shall be signed-

- (a) in the case of a society of which no member is a registered society by at least ten persons qualified in accordance with section 23; and
- (b) in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society, and, where all the members of the society are not



registered societies, by ten other members, or where there are less than ten other members, by all of them.

(3) The application shall be accompanied by three copies of the proposed rules of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

(4) The application shall be accompanied by the prescribed registration fee.

7. (1) When an application for registration is made, the Registrar shall satisfy himself that the society has complied this Law and the regulations, that the society is a *bona fide* cooperative society and that its proposed rules are in conformity with this Law and the regulations, and for these purposes may make such enquiries and obtain such information as he thinks fit.

Registration

(2) The Registrar, upon being satisfied of the foregoing matters, may register the society and its rules and shall forthwith inform the Governor who shall publish a Government Notice thereof in the Islands.

(3) If the Registrar refuses to register a society, an appeal shall lie to the tribunal appointed by regulations within one month from the date of such refusal. The decision of the tribunal shall be final and shall not be called in question in any court.

8. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession, and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purpose of its constitution.

Societies to be bodies corporate

9. A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

Evidence of registration

### PART III-Duties and Privileges of Societies

10. (1) Every registered society may, subject to the approval of the Registrar, make rules for any such things as are necessary or desirable for the purpose for which such society is established.

Power of registered society to make rules

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(2) Rules made under subsection (1) shall bind the society and every member thereof and every person claiming through such member to the same extent as if every such member had subscribed his name and affixed his seal thereto and there were contained in such rules a covenant on the part of such member, his heirs, executors, administrators and assigns to be bound thereby.

Amendment of rules

11. (1) Any registered society may, subject to this Law and the regulations, amend its rules, including the rule which declares the name of the society.

(2) No amendment of the rules of a registered society shall be valid until that amendment has been registered under this Law, for which purpose three copies of the amendment shall be forwarded to the Registrar.

(3) If the Registrar is satisfied that any amendment of the rules is not contrary to this Law or the regulations, he may register the amendment:

Provided that the Registrar may, for reasons to be given to the society, refuse to register an amendment. If the Registrar shall refuse to register any amendment, an appeal shall lie to the tribunal appointed by the regulations within one month from the date of such refusal. The decision of the tribunal shall be final and not called in question in any court.

(4) An amendment which changes the name of a registered society shall not affect any right or obligation of the society or of any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

(5) When the Registrar registers an amendment of the rules of a registered society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence of the fact that the amendment has been duly registered.

Address of society

12. Every registered society shall have an address registered in accordance with the regulations to which all notices and communications may be sent and shall send to the Registrar notice of every change of that address.

Publication of name

13. Every registered society shall paint or affix and keep painted or affixed its registered name, in letters easily legible, and in a conspicuous position on the outside of every office or place in which the business of the society is carried on.

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14. Every registered society shall keep a copy of this Law and the regulations and of its rules and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

Copy of Law, etc., to be open to inspection

15. (1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members, whether the produce of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise, may provide in its rules or may otherwise contract with its members-

Disposal of produce to or through a registered society

- (a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged to be guilty of a breach of the rules or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by such rules or contract.

(2) No contract entered into under subsection (1) shall be contested in any court on the ground only that it constitutes a contract in restraint of trade.

16. Subject to any prior claim of the Crown on the property of a debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon-

Creation of charges in favour of registered societies

- (a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, marine produce, fish, livestock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock in trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given him by the society:

Provided that nothing herein contained shall affect the claim of any *bona fide* purchaser or transferee without notice; and

- (b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

17. A registered society shall have a charge upon the shares or interest in the capital and on the deposits of a member, past member or deceased member and upon any dividend, bonus or profits payable to a member, past member or estate

Charge and set off in respect of shares or interest of members

for any debt due by a member to the society, and may apply any sum credited or payable to a member, past member or estate of a deceased member in or towards payment of any such debt.

Power of nomination

18. (1) A member of a registered society may, by instrument in writing signed by such member in the presence of two attesting witnesses and delivered at or sent to the registered office of the society during the lifetime of such member or made in any book kept thereat, nominate any person or persons to or among whom there shall be transferred at his death such property in the society as may be his at the time of his decease, or as may have accrued thereon, whether in shares, loans or deposits or so much thereof as is specified in such nomination, if the nomination does not comprise the whole:

Provided that no member of a registered society with share capital shall be entitled to nominate more than one person unless such member holds more than one share.

(2) A nomination so made may be revoked or varied by a subsequent nomination signed, attested and delivered, or sent or made as aforesaid, or by any similar document in the nature of a revocation or variation signed by the nominator in the presence of two attesting witnesses and delivered, sent or made as aforesaid, but shall not be revocable or variable by the will of the nominator or by any codicil thereto.

(3) The society shall keep a book wherein the names of all persons so nominated and all revocations or variations, if any, of such nominations shall be recorded.

Transfer or payment of  
value of interest on  
death of member

19. (1) On the death of a member, a registered society shall, subject to subsections (2) and (3)-

- (a) transfer to any person nominated in accordance with section 18 the property of the deceased member or such property as may have accrued thereon, comprised in the nomination in manner directed by the nomination, or pay to every person entitled thereunder the full value of the property given to him; and
- (b) transfer to the personal representatives of the deceased member any property of the deceased member in the society, or such property as may have accrued thereon, not comprised in any nomination, or pay to the personal representatives the full value of such property.

(2) Any person entitled, under subsection (1), to receive property or payment of the value thereof from a society with unlimited liability may require payment by the society of the value of such property.

(3) Any share or interest of a deceased member of a society with limited liability may be transferred by the society to-

- (a) the person entitled thereto under subsection (1), if such person is qualified to be a member of the society; or
- (b) any other person qualified to be a member of the society and specified, within six months of the death of the deceased member, in an application by the person entitled thereto under subsection (1).

(4) All transfers and payments made by a registered society under this section shall be valid and effectual against any demand made upon the society by any other person.

20. (1) A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay such minors the interest which may become due on such deposits. Any deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

Deposit by or on behalf  
of minors

(2) The receipt of any minor or guardian for money paid to him under this section shall be a sufficient discharge of the liability of the society in respect of that money.

21. Any register or list of members kept by the registered society shall be *prima facie* evidence of any of the following particulars entered therein-

Register of members

- (a) the date at which the name of any person was entered in such register or list as a member; and
- (b) the date at which any such person ceased to be a member.

22. (1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the regulations, be received in any legal proceedings, civil or criminal, as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

Evidence of documents  
and of entries in books

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(2) No officer of any such society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the books of the society, the contents of which can be proved under subsection (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the Court, for special reasons, so directs.

(3) Every copy of rules or other instruments or documents, and every extract of an instrument or document, bearing the seal or signature of the Registrar, shall be received in evidence without further proof; and every document purporting to be signed by the Registrar under this Law shall, in the absence of any evidence to the contrary, be received in evidence without further proof of the signature.

Qualifications for  
membership

23. No person other than a registered society shall be a member of a registered society unless-

- (a) he has attained the age of eighteen years; and
- (b) there exists between himself and the other members of the society some common bond of occupation, association or residence in a defined neighbourhood, community or district.

Members not to exercise  
rights until due payment  
made

24. No member of a registered society shall exercise the right of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society as may be prescribed by the rules.

Restriction of  
membership in society

25. Except with the sanction of the Registrar, no person shall be a member of more than one registered society with unlimited liability, whose primary object is to grant loans to its members.

Voting rights

26. Subject to subsections (2) to (4), no member of a registered society shall have more than one vote in the conduct of the affairs of the society:

Provided that in the case of an equality of votes the chairman shall have a casting vote.

(2) A registered society which is a member of any other registered society shall have such voting rights as may be prescribed by the rules, and such voting rights shall be exercised in accordance with the rules.

(3) A registered society which is a member of any other registered society may appoint one of its members as its proxy for the purpose of voting in the conduct of the affairs of such other registered society.

(4) Except as provided by subsection (3), voting by proxy shall not be allowed.

27. An infant duly admitted as a member of a registered society shall enjoy all the rights and be subject to all the liabilities of an ordinary member and any contracts made by such person as a member of such society shall be enforceable at law.

Liability of infants on contracts

28. Where the liability of the members of a registered society is limited by shares, no member, other than a registered society, shall hold more than such portion of share capital of the society, subject to a maximum of twenty per cent, as may be prescribed by the rules.

No individual to hold more than twenty per cent of share capital

29. (1) The transfer or charge of the share or interest of a member, past member or deceased member shall be subject to such conditions as may be prescribed by this Law or regulations made thereunder:

Restriction on transfer of share or interest

Provided that a member shall not in any event transfer any share held by him or his interest in the capital of the society or any part thereof unless the transfer or charge is made to the society, to a member of the society or to a person whose application for membership has been accepted by the committee.

(2) A purchaser under any execution or any other person succeeding by operation of law or otherwise to the share or interest of a member in a society shall not be entitled to membership or become a member by virtue only of such purchase or transfer.

(3) A registered society may, by rules, provide for the purchase by the society of the share or interest of any member.

30. The liability of a past member or of the estate of a deceased member for the debts of a registered society as they existed on the date on which such member ceased to be a member or died shall continue for a period of two years reckoned from that date.

Liability of past member and estate of deceased member for debts of society

#### **PART IV-Property and Funds of Registered Societies**

31. A registered society shall not make a loan to any person other than a member:

Loans made by registered societies

Provided that a registered society may make loans to another registered society.

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Deposits and loans received by a registered society	32. A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the regulations or rules.
Restrictions on other transactions with non-members	33. Save as provided in sections 31 and 32, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the regulations.
Disposal of dividends and bonus	34. (1) No registered society shall pay a dividend or bonus or distribute any part of its accumulated funds before the balance sheet has been certified by an auditor approved by the Registrar.  (2) No registered society shall declare any dividend exceeding six per cent per annum.
Reserve funds	35. (1) Every registered society which does or can derive profit from its transactions shall maintain a reserve fund.  (2) At least twenty per cent of the net profits of every registered society as ascertained by the audit prescribed by section 38 shall be carried to the reserve fund which shall be employed as prescribed by the regulations.
Allocation to education or charity	36. Any registered society may, after the allocation to the reserve fund has been made in accordance with section 35, contribute an amount not exceeding ten per cent of the remaining net balance to any educational or charitable purpose.
Disposal of surplus moneys	37. Subject to sections 35 and 36, the net balance at the end of each year together with any sum available for distribution from previous years may be distributed as may be prescribed by the rules.

**PART V-Audit, Inspection and Inquiry**

Audit	38. (1) The Registrar shall audit or cause to be audited by some person authorised by him by general or special order in writing the accounts of every registered society once at least in every year.  (2) The audit under subsection (1) shall include an examination of overdue debts, if any, and a evaluation of the assets and liabilities of the registered society.  (3) The Registrar and every other person appointed to audit the accounts of a society shall have power when necessary-
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- (a) to summon at the time of his audit any officer, agent, servant or member of the society who he has reason to believe can give material information in regard to any transactions of the society or the management of its affairs; or
- (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

39. The Registrar, or any person authorised by general or special order in writing by the Registrar, shall, at all times, have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand; and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

Power of Registrar to  
inspect books, etc., of  
the society

40. (1) The Registrar may, of his own motion, and shall, on the application of a majority of the committee, or of not less than one-third of the members of a registered society hold an inquiry or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and produce the cash in hand and such books, accounts, papers and securities of the society as the Registrar or the person authorised by him may require.

Inquiry and inspection

(2) The Registrar shall, on the application of a creditor of the registered society, inspect or direct some person authorised by him in writing in his behalf to inspect the books of the society, if the applicant-

- (a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) deposits with the Registrar such sum as security for the cost of the proposed inspection as the Registrar may require.

(3) The Registrar shall communicate the results of any such inspection to the creditor and to the society into whose affairs inquiry has been made.

(4) Where an inquiry is held under subsection (1) or an inspection is made under subsection (2), the Registrar may apportion the costs or such part of the costs, as he may think right, among the registered society, the members demanding an inquiry, the officers or former officers of the society and the creditor, if any, on whose application the inquiry was made.

(5) Any sum awarded by way of costs against any society or person under this section may be recovered in like manner as money payable under a judgment of the Grand Court for a civil debt.

#### **PART VI-Dissolution of Registered Society**

Dissolution

41. (1) If the Registrar, after holding an inquiry or making an inspection under section 40 or on receipt of an application made by seventy-five per cent of the members of a registered society, is of opinion that the society ought to be dissolved, he may, by order, cancel the registration of the society, and shall forthwith inform the Governor who shall publish a Government Notice thereof in the Islands.

(2) Any member of a registered society may, within two months from the date of an order under subsection (1), appeal from such order to the tribunal appointed by regulations under this Law. The decision of the tribunal shall be final and shall not be called in question in any Court.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period. Where an appeal is presented within two months, the order shall not take effect until it is confirmed by the tribunal appointed by the regulations.

(4) Where the Registrar cancels the registration of a society under subsection (1), he may make such order as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect.

(5) No registered society shall be wound up save by an order of the Registrar.

Cancellation of  
registration due to lack  
of membership

42. The Registrar may, by order in writing, cancel the registration of any registered society other than a society which includes among its members one or more registered society, if, at any time, it is proved that the number of members has been reduced to less than ten. Every such order shall take effect from the date thereof.

Effect of cancellation of  
registration

43. Where the registration of a society is cancelled by an order under section 41 or 42 the society shall, except for the purposes of winding up as hereinafter provided, cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution.

44. Where the registration of a society is cancelled under section 41 or 42, the Registrar may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society.

Appointment of  
liquidator

45. (1) A liquidator appointed under section 44 shall, subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar by order under section 46, have power-

Powers of a liquidator

- (a) to institute and defend suits and other legal proceedings by and on behalf of the society by his name or office and to appear in court as a litigant in person on behalf of the society;
- (b) to refer disputes to arbitration;
- (c) to determine the contribution to be made by the members and past members and by estates of deceased members of the society respectively to the assets of the society;
- (d) to investigate all claims against the society and, subject to this Law, to decide questions of priority arising between claimants;
- (e) to determine, from time to time, by what persons and in what proportion the costs of the liquidation are to be borne;
- (f) to take possession of the books, documents and assets of the society;
- (g) to give such directions, in regard to the collection of the assets of the society and the disposal of the books and documents of the society, as may appear to him to be necessary for winding up the affairs of the society;
- (h) to appoint a day, by proclamation, before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before such claims have been proved;
- (i) to compromise any claim by or against the society;
- (j) to sell the property of the society;
- (k) to call such general meetings of the society as may be necessary;
- (l) to carry on the business of the society, so far as may be necessary for winding it up beneficially; and
- (m) to arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar.

(2) A liquidator appointed under subsection (1) shall, insofar as such powers are necessary for carrying out the purposes of subsection (1), have all the powers of a Judge to compel the attendance and examination of witnesses and the production of documents.

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Power of Registrar to control liquidation	<p>46. A liquidator shall exercise his powers subject to the control and revision of the Registrar, who may-</p> <ul style="list-style-type: none"><li>(a) rescind or vary any order made by a liquidator and make whatever new order is required;</li><li>(b) remove a liquidator from office;</li><li>(c) call for all books, documents and assets of the society;</li><li>(d) by order in writing, limit the powers of a liquidator under section 45;</li><li>(e) require accounts to be rendered to him by the liquidator;</li><li>(f) procure the auditing of the accounts of the liquidator and authorise the distribution of the assets of the society;</li><li>(g) make an order for the remuneration of the liquidator; or</li><li>(h) refer any subject of dispute between a liquidator and any third party to arbitration if that party has consented in writing to be bound by the decision of the arbitrator.</li></ul>
Enforcement of order	<p>47. (1) The decision of an arbitrator on any matter referred to him under section 46 shall be binding upon the parties, and shall be enforceable in like manner as an order made by the Registrar under that section.</p> <p>(2) An order made by the liquidator or the Registrar under section 45 or 46 shall be enforced in the same manner in all respects as an order made by a Judge.</p>
Limitation of the jurisdiction of court	<p>48. Save insofar as is hereinbefore expressly provided, no court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Law.</p>
Closure of liquidation	<p>49. (1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the share capital and then, provided the rules of the society permit to the payment of a dividend at a rate not exceeding ten per cent per annum for any period for which no disposal of profits was made.</p> <p>(2) When the liquidation of a society has been closed and any creditor of that society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the Gazette and all claims against the funds of the society liquidated shall be barred when two years have elapsed from the date of such publication.</p> <p>(3) Any surplus remaining after the application of the funds to the purposes specified in subsection (1) shall not be divided among the members but</p>

such surplus shall be devoted to any purpose specified in the rules of the society whose registration has been cancelled, and where no purpose is so specified, shall be devoted by the Registrar to such cooperative purpose as may be decided by him in consultation with the members of the society whose registration has been cancelled.

**PART VII-Disputes**

50. (1) If any dispute touching the business of a registered society arises-

Settlement of dispute

- (a) among members, past members and persons claiming through members, past members and deceased members;
- (b) between a member, past member or person claiming through a member, past member or deceased member, and the society, its committee or any officer of the society;
- (c) between the society or its committee and any officer of the society; or
- (d) between the society and any other registered society,

such dispute shall be referred to the Registrar. A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to be a dispute touching the business of the society within the meaning of this subsection.

(2) The Registrar shall, on receipt of a reference under subsection (1), refer it for disposal to an arbitrator or arbitrators.

(3) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Registrar within such period and in such manner as may be prescribed.

(4) A decision of the Registrar on an appeal under subsection (3) shall be final and shall not be called in question in any court.

(5) The award of the arbitrator or arbitrators under subsection (2) shall, if no appeal is referred to the Registrar under subsection (3), or if any such appeal is abandoned or withdrawn, be final and shall not be called in question in any court and shall be enforced in the same manner in all respects as if the award had been a judgment of the Grand Court.

51. (1) Notwithstanding section 50, the Registrar, at any time when proceeding to a decision under this Law, or the tribunal, at any time when an appeal has been referred to it against any decision of the Registrar under this

Case stated on question of law

Law, may refer any question of law arising out of such decision for the opinion of the Grand Court.

(2) A Judge may consider and determine any question of law so referred and the opinion given on such question shall be final and conclusive.

#### **PART VIII-Regulations**

Regulations

52. (1) The Governor in Council may make such regulations as may be necessary for the purpose of carrying out or giving effect to this Law and in particular and without prejudice to the generality of such power such regulations may-

- (a) prescribe the forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure in the matter of such application;
- (b) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members from time to time, and the payment to be made and interest to be acquired before exercising rights of membership;
- (c) subject to section 28, prescribe the maximum number of shares or portions of the capital of a registered society which may be held by a member;
- (d) provide for the withdrawal and expulsion of members and for the payments to be made to members who withdraw or are expelled and for the liabilities of past members;
- (e) provide for general meetings of the members and for the procedure at such meetings, and for the powers to be exercised by such meetings;
- (f) provide for the appointment, suspension and removal of the members of the committee and other officers, for the procedure at meetings of the committee and for the powers to be exercised and the duties to be performed by the committee and other officers;
- (g) prescribe the matters in respect of which a society may or shall make rules and for the procedure to be followed in making, altering and rescinding rules, and the conditions to be satisfied prior to such making, alteration or rescission;
- (h) regulate the manner in which funds may be raised by means of shares, debentures or otherwise;

- (i) prescribe the payments to be made, the conditions to be complied with, and the forms of the bonds, instruments or other documents to be executed, by members applying for loans or cash credits, the period for which loans may be made or credits granted, the maximum amount which may be lent and the maximum credits which may be allowed to individual members;
- (j) provide for the mode in which the value of the interest of a deceased member shall be ascertained;
- (k) provide for the mode in which the value of the interest of a member who has become of unsound mind incapable of managing himself or his affairs shall be ascertained and for the nomination of any person to whom such interests may be paid or transferred;
- (l) provide for the formation and the maintenance of reserve funds and the objects to which such funds may be applied, and for the investment of any funds under the control of any registered society;
- (m) prescribe the conditions under which profits may be distributed to the members of a society and the maximum rate of dividend which may be paid by societies;
- (n) prescribe the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;
- (o) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and for the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and prescribe for the administration of such a fund;
- (p) prescribe the returns to be submitted by registered societies to the Registrar, and the persons by whom and the form in which the same are to be made;
- (q) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;
- (r) provide for the formation and maintenance of a register of members and, where the liability of members is limited by shares, of a register of shares;
- (s) provide for the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers;
- (t) prescribe the manner in which any question as to the breach of any rule or contract relating to the disposal of produce to or through a society may be determined, and the manner in which

- the liquidated damages for any such breach may be ascertained or assessed;
- (u) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before such arbitrator or arbitrators;
  - (v) provide for the formation of a Joint Cooperative Council and for the objects and functions of such a Council; and
  - (w) provide for the appointment of a tribunal to hear appeals and to prescribe the fees to be paid, the procedure to be observed and all other matters connected with appeals.

#### **PART IX-Miscellaneous**

##### **Amalgamation**

53. (1) Any two or more registered societies may, by special resolution of both or all such societies, become amalgamated as one society with or without any dissolution or division of the funds of such societies or either of them, and the property of such societies shall become vested in the amalgamated society without the necessity of any form of conveyance other than that contained in the special resolution amalgamating the societies:

Provided that amalgamation, in pursuance of this Law, shall not prejudice any right of a creditor of any registered society which is a party thereto.

(2) A copy of every special resolution, signed by the chairman of the meeting at which the resolution was confirmed, and countersigned by the secretary of the society, shall be sent to the Registrar and registered; and until that copy is so registered the special resolution shall not take effect.

(3) For the purposes of subsections (1) and (2), a special resolution means a resolution which is-

- (a) passed by a majority of not less than seventy-five per cent of such members of a registered society for the time being entitled to vote as may have voted in person or by proxy, where voting by proxy is allowed by this Law, at any general meeting of which notice specifying the intention to propose the resolution has been duly given according to the rules; and
- (b) confirmed by a majority of such members for the time being entitled to vote as may have voted in person or by proxy, where voting by proxy is allowed by this Law, at a subsequent general meeting of which notice has been duly given, held not less than



fourteen days nor more than one month from the day of the meeting at which such resolution was first passed.

54. (1) A company registered under the Companies Law (1995 Revision) or friendly society registered under the Friendly Societies Law (Revised) may, by special resolution, determine to convert itself into a registered society.

Conversion  
1995 Revision  
1978 Revision

(2) Any such resolution for conversion into a registered society shall appoint ten persons, members of a company or friendly society, as the case may be, who, together with the secretary, shall sign the rules and who may, by the resolution, be given such powers to act on behalf of the company or friendly society as may be specified in such resolution.

(3) A copy of the special resolution, together with three copies of the rules, shall be sent to the Registrar, who shall thereupon proceed as provided in this Law upon an application for registration.

55. A conversion under section 54 shall be deemed to be effective when the Registrar has issued a certificate of registration and thereupon the registration of the company or friendly society as such shall become void, and shall be cancelled by the proper officer, but the registration of any such body as a registered society shall not affect any right or claim, for the time being subsisting against such body or any penalty incurred, and any such right, claim or penalty may be enforced against such body by proceedings taken in the same manner as if it had not become a registered society. Every such right or claim, and the liability for every such penalty shall have priority as against the property of such registered society over all other rights or claims against, or liabilities of, the registered society.

Conversion effective  
upon issue of certificate  
of registration by  
Registrar

56. A registered society shall have the power to provide under its rules or in any contract made under section 15 for the payment by its members of fines and penalties or specific or ascertainable sums of money by way of liquidated damages for any infringement of its rules or any breach of such contract or any term thereof, and may further provide that the party found guilty of any breach of such contract or any terms thereof shall pay all costs, expenses and fines in case any action in respect of such breach is brought by the registered society.

Provision for fines and  
penalties against  
members

57. (1) In the event of any breach or threatened breach of any contract by a member of any registered society made under section 15, such society shall be entitled to an injunction to restrain such member, his agents and servants from selling or delivering the agricultural or manufactured product otherwise than in accordance with the contract and to a decree for specific performance of the said contract by such member.

Injunction and specific  
performance

(2) Pending the adjudication of any action brought by any registered society under subsection (1), and upon *ex parte* application to a Judge and upon evidence by affidavit of the breach or threatened breach and upon the giving of such undertaking or security as may be approved by such Judge, the registered society shall be entitled to an interim injunction restraining such breach or threatened breach.

Prohibition of the use of the word "cooperative", etc.

58. (1) No person, other than a registered society, shall trade or carry on business under any name or title of which the word "cooperative" or "cooperation" or any abbreviation, or the words "credit union" or "credit unions" or any abbreviation is part:

Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the time of the passing of this Law.

(2) Whoever contravenes subsection (1) is guilty of an offence and liable on summary conviction to a fine of one hundred dollars or to imprisonment for six months and in the case of a continuing offence to a further fine of ten dollars in respect of each day on which the offence is continued after conviction therefor or in default of payment thereof to imprisonment for three months.

Exemption from stamp duty

59. All instruments executed by or on behalf of a registered society or by or on behalf of an officer or member relating to the business of such society shall be exempt from stamp duty.

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Offences

60. (1) Every registered society and every officer or member thereof who-
- (a) wilfully neglects or refuses to do any act or furnish any information required for the purposes of this Law by the Registrar or other person duly authorised by him in writing in that behalf; or
  - (b) wilfully makes a false return or furnishes any false information,
- is guilty of an offence.
- (2) Whoever-
- (a) wilfully or without any reasonable excuse, disobeys any summons requisition or lawfully written order issued under this Law; or
  - (b) fails to furnish any information lawfully required from him by a person authorised to do so under this Law,

is guilty of an offence.

61. Whoever obtains possession by false representation or imposition of any property of a society, or having the same in his possession withholds or misplaces the same, or wilfully applies any part thereof to purposes other than those expressed, or directed in the rules of the society and authorised by this Law shall, on the complaint of the society, any member authorised by the society, the committee thereof or the Registrar, be liable on summary conviction to a fine of forty dollars with costs, and to be ordered to deliver up all such property or to repay all moneys applied improperly, and in default of such delivery or repayment, or of the payment of such fine, to imprisonment for three months; but nothing in this section shall prevent any such person from being proceeded against by way of indictment, if not previously convicted of the same offence under this Law.

Punishment of fraud or  
misappropriation

62. Whoever is guilty of an offence against this Law for which no specific punishment is otherwise provided is, upon summary conviction, liable to a fine of one hundred dollars or to imprisonment for six months.

Penalties

Publication in revised form authorised by the Governor in Council this 2nd day of September, 1997.

Carmena H. Parsons  
Clerk of Executive Council

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(Price \$5.60)