

**CAP. 114.**

**CYPRUS**

**CO-OPERATIVE SOCIETIES**

**CHAPTER 114 OF THE LAWS**

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1959

## CHAPTER 114.

## CO-OPERATIVE SOCIETIES.

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A LAW TO AMEND AND CONSOLIDATE THE LAW RELATING TO CO-OPERATIVE CREDIT SOCIETIES AND CO-OPERATIVE SOCIETIES.

Short title.

1. This Law may be cited as the Co-operative Societies Law.

Interpretation.

2. In this Law—

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

“bye-laws” means the registered bye-laws of a registered society for the time being in force and includes a registered amendment of the bye-laws ;

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

“dividend” means profits divided on a basis of share capital in a registered society ;

“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 after registration in accordance with the Rules and bye-laws ;

“officer” includes a chairman, secretary, treasurer, member of committee, member of council or other person empowered under the Rules or bye-laws to give directions in regard to the business of a registered society ;

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“property” means any kind of movable or immovable property held by a registered society and required for the carrying out of the objects of such registered society ;

“registered society” means a co-operative society registered or deemed to be registered under this Law ;

“Registrar” means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Law ;

“Rules” means Rules made or deemed to have been made under this Law.

PART I.  
REGISTRATION.

3. The Governor may appoint a person to be Registrar of Co-operative Societies for the Colony and may appoint persons to assist such Registrar, and may, by general or special order published in the *Gazette*, confer on such persons all or any of the powers of a Registrar under this Law.

Appoint-  
ment of  
Registrar  
and  
Assistant  
Registrars.

4. (1) Subject to the provisions hereinafter contained, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such societies, may be registered under this Law with or without limited liability:

Societies  
which may  
be registered.

Provided that unless the Governor by general or special order otherwise directs—

(a) the liability of a society of which a member is a registered society shall be limited;

(b) the liability of a society of which the primary object is the creation of funds to be lent to its members and of which the majority of its members are agriculturists and of which no member is a registered society shall be unlimited but the members of such a society shall, only on the liquidation of the society, be jointly and severally liable for and in respect of all its obligations.

(2) In any suit or other legal proceedings against a registered society in respect of any obligation of the society no member thereof shall be made a party thereto either by name or in his capacity as a member.

5. Where the liability of the members of a society is limited by shares no member other than a registered society shall hold more than such portion of the share capital of the society, subject to a maximum of one-fifth, as may be prescribed in the Rules.

Restriction  
of interest  
of members  
of a society  
with limited  
liability and  
a share  
capital.

6. (1) The members of a registered society may be—

(a) individual persons who have completed their eighteenth year; and

(b) other registered societies.

Qualifica-  
tions for  
membership  
and  
conditions of  
registration.

(2) No society, other than a society of which a member is a registered society, shall be registered under this Law which does not consist of at least twelve persons each of whom has completed his eighteenth year and resides or owns immovable property within the proposed area of operations of the society seeking registration.

(3) When for the purposes of this section any question arises as to the age, residence or property qualification of any person such question shall be decided by the Registrar whose decision shall be final.

(4) No society established for the purpose of facilitating the operations of registered societies shall be registered unless at least two registered societies are members thereof.

(5) The word "Co-operative" shall form part of the name of every society and the word "Limited" shall be the last word in the name of every society with limited liability registered under this Law.

Application  
for  
registration.

7. (1) For the purposes 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 twelve persons qualified in accordance with the requirements of section 6 (2); 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 not all the members of the society are registered societies, by twelve other members, or, when there are less than twelve other members, by all of them.

(3) The application shall be accompanied by two copies of the proposed bye-laws 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.

Registration.

8. If the Registrar is satisfied that a society has complied with the provisions of this Law and the Rules and that its proposed bye-laws are not contrary to this Law or to the Rules he may, if he thinks fit, register the society and its bye-laws and issue a certificate of registration in the prescribed form. An appeal shall lie to the Governor against

the refusal of the Registrar to register any society within one month from the date of such refusal.

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.

10. (1) Any registered society may, subject to this Law and to the Rules, amend its bye-laws.

Amendment of bye-laws of a registered society.

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

(3) If the Registrar is satisfied that any amendment of the bye-laws is not contrary to this Law or to the Rules he may, if he thinks fit, register the amendment. An appeal shall lie to the Governor against the refusal of the Registrar to register any amendment within one month from the date of any such refusal.

(4) An amendment of the bye-laws which changes the name of a registered society or the effect of which is to change the liability of the members of the society from a limited one to an unlimited one or which changes any other object or provision shall not affect any right or obligation of the society or of any of its members or past members or officers of the society and any legal or arbitration proceedings pending may be continued by or against the society under its new name and changed liability.

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In the case of an amendment changing the liability of the society, existing members shall continue to be considered as such if they comply with the provisions of the bye-laws as amended after the change of liability of the society :

Provided that the officers of a society, the bye-laws of which are amended so as to change the liability of the members of the society, shall remain in office till the expiration of their period of office as laid down in the bye-laws before such amendment.

(5) When the Registrar registers an amendment of the bye-laws 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.

(6) In this section "amendment" includes the making of a new bye-law and the alteration, substitution or revocation of a bye-law.

## PART II.

### RIGHTS AND LIABILITIES OF MEMBERS.

Members not to exercise rights till due payment made.

**11.** No member of a registered society shall exercise the rights 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 or bye-laws.

Restriction of membership in society.

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

Voting.

**13.** (1) No member of any 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 operates in a town or in more than one village may, in its bye-laws, provide for local meetings or for voting by proxy :

Provided that no member shall act as proxy for more than two other members.

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

Restrictions on transfer of share or interest.

**14.** (1) The transfer of the share or interest of a member or past member or deceased member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Law or by the Rules.

(2) In the case of a society registered with unlimited liability, a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof, unless—

(a) he has held such share or interest for not less than one year ; and

(b) the transfer is made to the society or to a person whose application for membership has been accepted by the committee.

## PART III.

## DUTIES OF REGISTERED SOCIETIES.

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

Address of society.

16. Every registered society shall keep a copy of this Law and of the Rules and of its bye-laws 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, Rules and bye-laws to be open to inspection.

17. (1) The Registrar shall audit or cause to be audited by some person authorised by him by general or special order in writing in this behalf the accounts of every registered society once at least in every year.

Audit.

(2) The audit under subsection (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the registered society.

(3) The Registrar, or any person authorised by general or special order in writing in this behalf 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 an inspection or audit may require.

## PART IV.

## PRIVILEGES OF REGISTERED SOCIETIES.

18. 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.

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19. (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 bye-laws or may otherwise contract with its members—

Disposal of produce to or through a registered society.  
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\*Came into operation on the 1st July, 1954.

- (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, in such manner as may be prescribed by the Rules, to be guilty of a breach of the bye-laws or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid rules.

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(2) As from the time of delivery in the registered society's store of any of the articles referred to in subsection (1) for the purpose of disposal either to or through the society no creditor of the member delivering the same shall have any power to attach or charge, any of such articles, or, until any debt due by such member of the society is paid off, the proceeds of the sale thereof remaining in the hands of the society.

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(3) No contract entered into under the provisions of this section shall be contested in any Court on the ground only that it constitutes a contract in restraint of trade.

Creation of charges in favour of registered societies.

**20.** (1) (a) It shall be lawful for any registered society to make advances by way of loan in accordance with its registered bye-laws to a member of such society.

(b) A registered society may when making a loan or when entering into an agreement to make a loan to a member or when a member is indebted to such a society require the member to create a charge in favour of the society in such form as may be prescribed by the Rules on all crops or other agricultural produce, marine produce (including fish), felled timber, animals, fodder, agricultural, industrial or fishing implements, machinery, boats, tackle and nets, raw materials, stock-in-trade, and generally all produce of labour and things used in connection with production whether at the date when such charge is made the property comprised in the charge is or is not in existence or is or is not acquired by the person giving the charge.

(2) A charge shall, so long as it continues in force, confer on the registered society the following rights and impose on the registered society the following obligations, that is to say—

- (a) a right, upon the happening of any event specified in the charge as being an event authorising the seizure of the property subject to the charge, to take possession of any property so subject ;
  - (b) where possession of any property has been so taken a right, after an interval of five clear days or such less time as may be allowed by the charge, to sell the property either at auction or, if the charge so provides, by private treaty and either for a lump sum payment or payment by instalments ;
  - (c) an obligation, in the event of such power of sale being exercised, to apply the proceeds of sale in or towards the discharge of the moneys and liabilities secured by the charge, and the cost of seizure and sale, and to pay the surplus (if any) of the proceeds to the member.
- (3) A charge shall, so long as it continues in force, impose on the member the following obligations—
- (a) an obligation whenever he sells any of the property or receives any money in respect of the property comprised in the charge forthwith to pay to the registered society the amount of the proceeds of the sale from the money so received except to such extent as the charge otherwise allows ; the sums so paid to be applied by the registered society in or towards the discharge of moneys and liabilities secured by the charge ;
  - (b) an obligation in the event of the member receiving any money under any policy of insurance or by way of compensation on any of the property comprised in the charge, forthwith to pay to the registered society the amount of the sums so received except to such extent as the charge otherwise allows ; the sums so paid to be applied by the registered society in or towards the discharge of moneys and liabilities secured by the charge.

**21.** (1) A charge created under section 20 shall be deemed to be duly executed if signed in duplicate by the member executing the same in the presence of at least three members of the committee and of the secretary.

Execution  
and  
registration  
of charges.  
6 of 22/55.\*

\*Came into operation on the 1st July, 1954.

(2) It shall be the duty of the committee forthwith to file one copy of the charge in the office of the registered society and to forward the other copy together with such fee as may be prescribed within twenty-one days to the Commissioner of the district in which such society operates.

(3) The Commissioner upon receiving a copy of a charge together with such fee as may be prescribed shall forthwith file the same and shall keep a book called the Register Book of Co-operative Societies Charges in the prescribed form in which particulars of all such charges received by him shall be entered, forwarding to the society an acknowledgment of registration.

(4) Any person shall be entitled to inspect, on payment of the prescribed fee, the file of charges and the Register Book of Co-operative Societies Charges and to take extracts therefrom.

(5) The Registrar on being satisfied that an omission to forward the charge to the Commissioner within the time specified in subsection (2) was accidental or due to inadvertence or to some other sufficient cause or is not of a nature to prejudice the position of creditors or members of the registered society or that on other grounds it is just and equitable to grant relief may, on the application of the registered society or any person interested and on such terms and conditions as seems to the Registrar just and expedient, order that the time for forwarding the charge be extended.

(6) (a) The registration of a charge in accordance with the provisions of subsection (3) shall as from the date of registration constitute a first charge and security in favour of the registered society making the loan or otherwise :

Provided that nothing contained herein shall affect—

(i) any claim of the Government in respect of taxes or money recoverable as such or of a landlord in respect of rent or money recoverable as rent ; or

(ii) the rights of any *bona fide* purchaser for value without notice ; or

(iii) the rights of any prior pawnee or encumbrancer ;

(b) the registration of a charge by the Commissioner shall be deemed to affect with notice of the

charge any person dealing with any property comprised in the charge.

(7) As soon as the loan or debt in respect of which a charge under this Law has been given has been repaid the committee of the registered society shall forthwith record the same in the copy filed in the officer of the society and shall within twenty-one days from the date of payment notify the Commissioner and upon receipt of such notice the Commissioner shall forthwith make an entry of satisfaction in the Register Book of Co-operative Societies Charges.

22. If any member or past member of a registered society who has created a charge registered under this Law— Penalty in connection with charges.

(a) fails to comply with the obligations imposed by this Law as to the payment over to the society of any sums received by him by way of proceeds of sale or in respect of property or under a policy of insurance or by way of compensation ; or

(b) removes or suffers to be removed from his control any property subject to the charge,

he shall be guilty of an offence.

Penalty: two years imprisonment or fifty pounds fine or both.

23. (1) A registered society may borrow money from a society established with the object of facilitating the operations of co-operative societies or from any bank approved for this purpose by the Registrar on the security of any charge which it holds under section 20 (1) if such charge is executed and registered in accordance with the provisions of this Law, and may for this purpose assign any such charge to any such society or bank. Assignment of charges.

(2) An assignment of a charge under this section shall be registered in the same manner as a charge and the provisions of section 21 shall apply *mutatis mutandis* to an assignment of a charge so registered.

(3) An assignment of a charge under this section when registered as aforesaid shall operate as a first charge in favour of the assignee subject to the provisions of section 21 (6).

(4) Where any charge has been assigned under the provisions of this section to a society established with

the object of facilitating the operations of co-operative societies such society may borrow money from any bank approved for this purpose by the Registrar on the security of such charge and may for this purpose re-assign any such charge to such bank, and the provisions of subsections (2) and (3) shall apply *mutatis mutandis* to a re-assignment of a charge under this subsection.

Where crops, etc., deemed to be first charge in favour of registered society.

24. Where no charge effected by a member in favour of a registered society under the provisions of sections 20 and 21 subsists in respect of any of the things hereinafter in this section mentioned, and subject to any claim of the Government in respect of taxes or money recoverable as such or of a landlord in respect of rent or money recoverable as rent, any debt or outstanding demand payable to a registered society by any member or past member shall be deemed to be a first charge—

- (a) upon all crops or other agricultural produce raised in whole or in part with a loan taken from the registered society by such member or past member, and
- (b) upon any animals, fodder, agricultural or industrial implements or raw materials for manufacture supplied to or purchased by such member or past member in whole or in part from any loan whether in money or goods given him by the registered society :

Provided that nothing in this section contained shall affect the claims of any *bona fide* purchaser for value without notice or prior pawnee or encumbrancer of any such crops or other agricultural produce, animals, fodder, or agricultural or industrial implements or raw materials for manufacture.

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

25. A registered society shall have a charge upon the shares or interests in the capital and on the deposits of a member or past member or deceased member and upon any dividend, bonus or profits payable to a member or past member or to the estate of a deceased member in respect of any debt due to such society from such member or past member or estate and may set off any sum credited or payable to a member or past member or estate of a deceased member in or towards payment of any such debt.

26. Subject to the provisions of section 25, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any judgment or order of a Court of law in respect of any debt or liability incurred by such member, nor shall a receiver or trustee in bankruptcy be entitled to or have any claim on such share or interest.

Shares or interest not liable to attachment or sale.

27. (1) On the death of a member, a registered society may transfer the share or interest of the deceased member to any person nominated in accordance with the Rules or bye-laws made in that behalf, or, if there is no person so nominated, to such persons as may appear to the committee to be the heirs or legal representative of the deceased member, or may pay to such nominee, heir, or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the Rules or bye-laws :

Transfer of interest on death of member.

Provided that—

(a) in the case of a registered society with unlimited liability, such nominee, heir or legal representative, as the case may be, may require payment by such society of the value of the share or interest of the deceased member ascertained as aforesaid ;

(b) in the case of a registered society with limited liability, such society may transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the Rules and bye-laws for membership of the society, or on his application within six months of the death of the deceased member to any person specified in the application who is so qualified.

(2) A registered society shall pay all other moneys due to the deceased member from such society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon such society by any other person.

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

**28.** (1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall continue for a period of two years reckoned from that date.

(2) The estate of a deceased member shall, for a period of two years reckoned from the date of his decease, be liable for the debts of the registered society as they existed on the date of his decease.

Deposits by or on behalf of minors.  
4 of 27/46.

**29.** (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 and any contract entered into by any minor with the society, relating to such deposits, shall be enforceable at law or against such minor notwithstanding his minority.

(2) 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.

(3) 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.

Register of members.

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

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

Certification of copies of entries.

**31.** (1) A copy of any entry in any book, register or list regularly kept in the course of business and in the possession of a registered society shall, if duly certified in such manner as may be prescribed by the Rules, be admissible in evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions therein recorded in every case where, and to the same extent which, the original entry would, if produced, have been admissible to prove such matters and transactions.

(2) No officer of a registered society shall in any legal proceedings to which such society is not a party be compelled to produce any of the society's books the contents of which can be proved under subsection (1) or to appear as a witness to prove the matters, transactions and accounts therein recorded, unless by order of a Court of law or a Judge made for special cause.

32. Notwithstanding anything contained in any other Law for the time being in force, a registered society may—

Deposits of securities as pledges by a registered society.

(a) pledge as security for a general balance of account any securities held by it, and

(b) authorise the creditor, in the event of default of payment on the date of the determination of any notice issued to the registered society to sell any or all of such securities without recourse to a Court of law and to credit the proceeds to such balance of account.

33. The Governor may, by notification in the *Gazette*, in the case of any registered society or class of registered societies, remit the stamp duties or fees with which, under any Law for the time being in force, instruments executed by or on behalf of such society or by an officer or member thereof and relating to the business of such society or any class of such instruments are respectively chargeable.

Power to remit stamp duties and registration fees.

## PART V.

### PROPERTY AND FUNDS OF REGISTERED SOCIETIES.

34. (1) A registered society shall not make a loan to any person other than a member :

Restrictions on loans.

Provided that, with the consent of the Registrar, a registered society may make loans to any body of persons, whether corporate or unincorporate, who is not a member or to another registered society.

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(2) Notwithstanding anything contained in subsection (1), a registered society may make a loan to a depositor on the security of his deposit.

(3) The Governor may, by general or special order, prohibit or restrict the lending of money on mortgage of immovable property by any registered society or class of registered societies.

Restrictions  
on  
borrowing.

**35.** A registered society shall receive deposits and loans from members and from persons who are not members only to such extent and under such conditions as may be prescribed by the Rules or bye-laws.

Restrictions  
on other  
transactions  
with non-  
members.

**36.** Save as provided in sections 34 and 35, 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 Rules.

Investment  
of, and  
dealings  
with,  
registered  
society's  
funds.  
8 of 22/55.

**37.** A registered society may deposit or invest its funds in Government securities or in any bank or in such other manner as may be approved for this purpose by the Registrar, and may, with the approval of the Registrar, utilise its funds in the purchase of any immovable property required by the registered society for the carrying out of the objects for which such registered society has been established.

Disposal of  
profits.  
9(a) of 22/55.

**38.** (1) At least one-fourth of the net profits of every registered society, with limited liability as ascertained by the audit prescribed by section 17, shall be carried to a reserve fund. The remainder of such profits and any profits of past years available for distribution may be divided among the members by way of dividend or bonus, or allocated to any funds constituted by the registered society, to such extent or under such conditions as may be prescribed by the Rules or bye-laws :

Provided that in the case of a registered society with unlimited liability the whole of the net profits ascertained as aforesaid shall be carried to a reserve fund and no distribution of profits shall be made without the general or special order of the Governor :

9(b) of 22/55.

Provided further that in the case of a registered society with either limited or unlimited liability previously grouped with a nearby registered society with either limited or unlimited liability the latter society may, by a decision of a special general meeting of its members, grant to the disgrouped registered society for its reserve fund such amount from its reserve fund as may be approved by the Registrar.

9(c) of 22/55.

(2) Any registered society whether with limited or unlimited liability may, with the sanction of the Registrar, after one-fourth of the net profits in any year has been carried to a reserve fund, contribute an amount not

exceeding ten per centum of the remaining net profits to any charitable or public purpose.

## PART VI.

## INQUIRY AND INSPECTION OF AFFAIRS OF REGISTERED SOCIETIES.

39. (1) The Registrar may of his own motion, and shall on the application of the 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 such 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 a registered society, inspect or direct some person authorised by him by order in writing in this behalf to inspect the books of such society if the applicant—

(a) satisfies the Registrar 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 costs 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 registered society into whose affairs inquiry has been made.

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

(5) Any sum awarded by way of costs under this section may be recovered in the same manner as fines are recovered under any Law in force for the time being.

## PART VII.

## SUPERSESION OF COMMITTEE OF REGISTERED SOCIETY.

Supersession  
of  
committee.

40. (1) If, in the opinion of the Registrar, the committee of any registered society is not functioning properly, he may, after giving an opportunity to the committee to state its objections, if any, by order in writing, dissolve the committee and appoint a suitable person or persons to manage the affairs of such society for a specified period not exceeding two years. The period specified in such order may, at the discretion of the Registrar, be extended from time to time: Provided that such order shall not remain in force for more than four years in the aggregate.

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(2) The committee or any member thereof affected by an order of dissolution made by the Registrar under subsection (1) may, within three days from the date of the notification of such order to the committee, appeal to the Governor in Council whose decision thereon shall be final and conclusive.

(3) Where an order of dissolution has been made by the Registrar under subsection (1), the order shall not take effect until the expiration of three days from the date of the notification thereof to the committee and, where an appeal has been made against the order under subsection (2), the order shall not take effect until the appeal has been determined and the Governor in Council has confirmed such order.

(4) The person or persons so appointed shall, subject to the control of the Registrar, and to such instructions as he may from time to time give, have power to exercise all or any functions of the committee or of any officer of the registered society, and to take all such action as may be required in the interests of such society.

(5) The Registrar may fix the remuneration payable to the person or persons so appointed. The amount of such remuneration and other costs, if any, incurred in the management of the registered society, shall be payable from its funds.

(6) The person or persons so appointed shall, at the expiry of the period of his or their appointment, arrange for the constitution of a new committee in accordance with any Rules in that behalf in force for the time being.

(7) Before taking any action under subsection (1) in respect of any registered society, the Registrar shall, if the registered society is indebted to a financing bank, consult

such bank with regard to the proposed action and the provision to be made for the management of the affairs of such society.

(8) Nothing in this section shall be deemed to affect the power of the Registrar to order the winding up of a registered society.

### PART VIII.

#### DISSOLUTION OF A REGISTERED SOCIETY.

41. (1) If the Registrar, after an inquiry has been held under section 39 (1) or after an inspection has been made under section 39 (2) or on the receipt of an application made by three-fourths of the members of a registered society present at a special meeting convened for the purpose, is of opinion that such society ought to be wound up he may issue an order directing it to be wound up and may appoint a liquidator for the purpose and fix his remuneration. Winding up

(2) The Registrar may, on his own motion, make a winding-up order in respect of a registered society which has not commenced working or has ceased working or the membership of which is reduced to less than twelve members and may appoint a liquidator for the purpose and fix his remuneration.

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

42. (1) A liquidator appointed by the Registrar shall have power— Powers of liquidator

- (a) to take immediate possession of all assets belonging to the registered society and of all books, records and other documents pertaining to the business thereof and to carry on the business of such society as far as may be necessary for the beneficial winding up of the same ;
- (b) to refer to arbitration, as provided in section 53, any disputes touching the business of the society referred to in subsection (1) of the said section 53 other than disputes touching contributions, and to institute and defend suits and other proceedings on behalf of the registered society by his name of office ; 10(a) of 22/55
- (c) to investigate all claims against the registered society, and, subject to the provisions of this

Law, to decide by order questions of priority arising between claimants ;

(d) to pay claims against the registered society (including interest up to the date of the order for winding up) according to their respective priorities, if any, in full or rateably, as the assets of such society permit ; the surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of such order at such rate not exceeding the contract rate as may be fixed by him ;

10(b) of 22/55.

(e) to fix the time or times within which creditors shall prove their debts and claims or be excluded from the benefit of any distribution made before those debts or claims are proved ;

(f) from time to time to determine by order the contribution to be made or remaining to be made by the members or past members or by the estates or nominees or heirs of deceased members or by any officer, to the assets of the registered society, such contribution to include debts due from such members or persons. Such contributions shall be determined at the discretion of the liquidator both as to the persons who shall be called upon to pay and the amounts which they shall pay, but without prejudice to any right of contribution amongst themselves :

Provided that the liquidator shall not determine the contribution, debt or dues to be recovered from a past member or the estate of a deceased member unless opportunity has been given to such member or to the legal representative of the estate to answer the claim ;

(g) to determine by order by what persons and in what proportions the costs of the liquidation are to be borne ;

(h) to arrange for the distribution of the assets of the registered society in a convenient manner when a scheme of distribution has been approved by the Registrar.

(2) Any person aggrieved by any order of the liquidator made under paragraphs (c), (f), or (g) of subsection (1), may appeal to the Registrar within twenty-one days

from the date of such order and the decision of the Registrar shall be final, and conclusive.

- 43.** A liquidator shall exercise his powers subject to the control and revision of the Registrar who may—
- (a) rescind or vary any order made by a liquidator and make whatever new order is required ;
  - (b) remove a liquidator from office ;
  - (c) call for all books, documents and assets of the registered society ;
  - (d) by order in writing limit the powers of a liquidator under section 42 ;
  - (e) require accounts to be rendered to him by the liquidator at his discretion ;
  - (f) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the registered society ;
  - (g) refer to arbitration as in sections 42 and 53 provided any subject of dispute between a liquidator and any third party touching the business of the society if that party shall have consented in writing to be bound by the decision of the arbitrator.

Power of Registrar to control liquidation.

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**44.** Every order made by a liquidator under section 42 or by the Registrar under this Law shall, upon a certificate under the hand of the Registrar, be enforced by any District Court in the same manner as an order of such Court.

Enforcement of order.

**45.** The Registrar and any person authorised by the Registrar to hold an inquiry under section 39 (1) or make an inspection under section 39 (2) and any liquidator or arbitrator appointed by the Registrar under the provisions of this Law or any Rules shall be empowered to summon and enforce the attendance of the parties interested and of any witness, to examine witnesses on oath and to compel the production of books and documents in the same manner as far as possible and with the same powers as those possessed by a District Court or any member thereof.

Power to summons witness.

**46.** Save as in so far as it may be expressly provided in this Law, no civil Court shall take cognisance of any

Bar of suit in winding up matters.

12 of 22/55. matter connected with the winding up of a registered society and when a winding up order has been made no suit or other legal proceedings shall lie or be proceeded with against such society except by the leave of the Registrar and subject to such terms as he may impose.

Cancellation of registration. **47.** When the affairs of a registered society for which a liquidator has been appointed have been wound up or, where no liquidator has been appointed after two months from the making of an order under section 41 by the Registrar or after confirmation of such order on appeal, the Registrar shall make an order cancelling the registration of such society and the society shall be dissolved from the date of such order.

Appeal to the Governor. **48.** Any person aggrieved by any order of the Registrar under section 41 may appeal to the Governor within twenty-one days from the date of such order and the decision of the Governor shall be final and conclusive.

Closure of liquidation. 13 of 22/55. **49.** (1) In the liquidation of a society in respect of which a winding up order has been issued, the funds, including the reserve fund, shall be applied first to the cost of liquidation, then to the discharge of the liabilities of such society, then to the payment of the share capital.

(2) Any surplus remaining after the application of the funds to the purposes specified in subsection (1) shall not be divided among the members but such surplus shall be devoted to any object or objects described in the bye-laws of the society whose registration has been cancelled, and, where no object is so described, shall be deposited by the Registrar in a bank or with a registered society, until such time as another society operating in the same area shall have been registered when such surplus shall be transferred to such new society for the purpose of forming a reserve fund under the Rules :

6 of 27/46. Provided that, in the liquidation of a society the members of which are registered societies, any surplus may be divided amongst such registered societies in such manner as described in the bye-laws of the society whose registration has been cancelled :

Provided further that any interest accruing on the deposit may be paid into such audit and supervision funds as may be constituted under the Rules.

## PART IX.

## SURCHARGE AND ATTACHMENT.

50. (1) Where, in the course of the winding up of a registered society it appears that any person who has taken part in the organisation or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the Registrar may, on the application of the liquidator or of any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Registrar thinks just.

Power to Registrar to surcharge officers, etc., or registered society.

(2) This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

## PART X.

## ATTACHMENT OF PROPERTY.

51. Where the Registrar is satisfied that any person with intent to defraud or delay the execution of any order that may be made against him under section 42 or 50 or of any decision that may be given in a dispute referred to the Registrar or to any arbitrators under any Rules in that behalf in force for the time being is about to dispose of the whole or any part of his property, the Registrar may, unless adequate security is furnished, order the conditional attachment of such property and such attachment shall have the same effect as if made by a competent Court :

Attachment of property.

Provided that the Registrar may, from time to time, extend the period during which such order of conditional attachment shall remain in force and may also cancel such order, either wholly or partly, at his discretion, before its expiration.

14 of 22/55.

52. Any person aggrieved by any order of the Registrar made under section 50 may appeal to the Governor within

Appeal to the Governor.

twenty-one days from the date of such order and the decision of the Governor shall be final and conclusive.

## PART XI.

## ARBITRATION.

Arbitration  
in disputes.

53. (1) If any dispute touching the business of a registered society arises—

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

such dispute shall be referred to the Registrar for decision.

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, whether such debt or demand be admitted or not, shall be deemed to be a dispute touching the business of a society within the meaning of this section.

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(2) The Registrar may, on receipt of a reference under subsection (1)—

- (a) decide the dispute himself ; or
- (b) refer it for disposal to an arbitrator or arbitrators.

15(a) of 22/55

(3) In the case of a reference of a dispute by the Registrar to an arbitrator or arbitrators for disposal the Registrar shall have power to fix his or their remuneration.

(4) 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 by the Rules.

15(b) of 22/55

(5) A decision of the Registrar under subsection (2) or an appeal under subsection (3) shall be final and shall not be called in question in any civil Court.

(6) The award of the arbitrator or arbitrators under subsection (2) shall, if no appeal is preferred 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 civil Court and shall be enforced in the same manner as if the award had been a judgment of a civil Court.

(7) The Registrar, at any time when proceeding to a decision under this section, may refer any question of law arising out of such decision for the opinion of the Supreme Court; and any Judge or Judges of the Supreme Court, as the Chief Justice may direct, may consider and determine any question of law so referred and the opinion given on such question shall be final and conclusive.

## PART XII.

### RULES.

54. (1) The Governor in Council may make Rules to be published in the *Gazette* for the purpose of carrying out or giving effect to the principles and provisions of this Law. Rules.

(2) In particular and without prejudice to the generality of the foregoing power, such Rules may—

- (a) prescribe 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) 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;
- (d) prescribe the extent to which a registered society may limit the number of its members;
- (c) provide for the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;

- (f) subject to the provisions of section 5, prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member ;
- (g) prescribe the conditions under which profits may be distributed to the members of a registered society with unlimited liability, and the maximum rate of dividend which may be paid by registered societies ;
- (h) regulate the manner in which funds may be raised by means of shares or otherwise ;
- (i) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings ;
- (j) provide for the appointment, suspension and removal of the members of the committee and council and other officers and for the procedure at meetings of the committee and council and for the powers to be exercised and the duties to be performed by the committee and council and other officers ;
- (k) prescribe the matters in respect of which a society may or shall make bye-laws, and for the procedure to be followed in making, altering, substituting and revoking bye-laws, and the conditions to be satisfied prior to such making, alteration, substitution or revocation ;
- (l) 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 ;
- (m) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide 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 co-operative propaganda and prescribe for the administration of such a fund ;
- (n) 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 ;

- (o) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified ;
- (p) provide for the formation and maintenance of a register of members, and, where the liability of the members is limited by shares, of a register of shares ;
- (q) 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 ;
- (r) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators and for fixing and levying the expenses of determining the dispute ;
- (s) prescribe the procedure to be followed by a liquidator appointed under section 41 ;
- (t) prescribe the conditions to be complied with by members applying for loans, the period for which loans may be made, and the amount which may be lent to an individual member ;
- (u) provide for the writing off of bad debts ;
- (v) provide for the procedure to be followed where a registered society acts as the agent of a bank approved by the Registrar ;
- (w) prescribe the form of any application, charge, register or assignment for the purposes of this Law and the fees to be paid in connection therewith.

### PART XIII.

#### DEBTS DUE TO GOVERNMENT.

55. (1) All sums due from a registered society, or from an officer or member or past member of a registered society as such to the Government, including any costs awarded to the Government under section 39, may be recovered in the same way as arrears of revenue.

Recovery of  
sums due to  
Government.

(2) Sums due from a registered society to the Government and recoverable under subsection (1) may be recovered, firstly from the property of such society ; secondly, in

the case of a registered society of which the liability of the members is limited, from the members, or, if they are deceased, from their estates, subject to the limit of their liability ; and thirdly, in the case of other registered societies, from the members or, if they are deceased, from their estates.

## PART XIV.

## MISCELLANEOUS.

Exemption from provisions of Law regarding registration.

56. Notwithstanding anything contained in this Law, the Governor may by special order in each case, and subject to such conditions as he may impose, exempt any society from any of the requirements of this Law as to registration.

Exemption from general provisions of Law.

57. The Governor may by special or general order exempt any registered society or class of societies from any of the provisions of this Law, or may direct that such provisions shall apply to any society or class of societies with effect from such date or with such modifications as may be specified in the order.

Restriction of use of word "Co-operative."

58. (1) No person, other than a registered society, shall, without the sanction of the Governor, trade or carry on business under any name or title of which the word "Co-operative" forms 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 prior to the twelfth day of May, 1923.

(2) Whoever contravenes the provisions of this section shall be liable on conviction to a fine not exceeding fifty pounds with a further fine of five pounds for each day on which the offence is continued after conviction therefor.

Provisions of Companies and Trade Unions Laws not to apply, Cap. 113, Cap. 116.

59. The provisions of the Companies Law, and the Trade Unions Law, shall not apply to societies registered or deemed to have been registered under this Law.

Savings for existing societies bye-laws Rules, etc.

60. (1) Every society registered or deemed to have been registered under the provisions of any of the Laws repealed by this Law\* and whose registration subsists

\* The following Laws were repealed by this Law :—  
The Co-operative Credit Societies Laws, 1914 to 1937 ;  
The Co-operative Societies Laws, 1923 and 1937.

at the date of the commencement of this Law shall be deemed to have been registered under this Law and the bye-laws of such society shall, so far as they are not inconsistent with the provisions of this Law, continue in force until altered, substituted or revoked by bye-laws made under this Law.

(2) All Rules made under any of the Laws hereby repealed and in force at the time of the commencement of this Law, shall, in so far as they are not inconsistent with the provisions of this Law, be deemed to have been made under this Law and shall continue in force until altered, substituted or revoked by Rules made under this Law.

(3) All appointments and orders made, notifications and notices issued, and suits and other proceedings instituted or deemed to have been made, issued or instituted under any of the Laws repealed by this Law\* shall, so far as may be, be deemed to have been respectively made, issued and instituted under this Law.

(4) Where in any Law reference is made to a co-operative society or to a co-operative credit society registered under the provisions of any of the Laws repealed by this Law\* such reference shall be deemed to apply to a society registered or deemed to have been registered under this Law.

**61.** Where any registered society—

- (a) fails to give any notice, send any return or document or to do or allow to be done any act or thing which is required by this Law or the Rules made thereunder ;
- (b) wilfully refuses or omits to do any act or to furnish any information required for the purposes of this Law or of the said Rules by the Registrar or other authorised person ;
- (c) does anything forbidden by this Law or by the Rules ;
- (d) wilfully furnishes false or insufficient returns or information,

Offences and penalties.

the society and every officer who is bound by the Rules or otherwise to fulfil the duty whereof the breach is an offence, unless such officer is proved to have been ignorant of or to have attempted to prevent the commission of

\* See note on previous page.

the offence, shall be guilty of an offence under this Law and shall be liable to a fine not exceeding five pounds and every such offence if continued shall constitute a new offence in every week during which the default continues.