

Code
Cooperative associations
Decree # 17199

The Implementation of the cooperative association draft law.

The president of the republic based on
The Lebanese constitution, in particular the article # 58
Since the transferred draft of law concerning the cooperative associations from the
government to the House of Representatives, decree # 15355 dated 05-02-1964

And since 40 days has passed after the draft has been transferred to the House of
Representatives without taking any action

And since the proposition of the agriculture Minister
And after the approval of the council of ministers in its meeting dated 05-08-1964

It is decreed what follows:

Article # 1:

The draft of the code presented to the House of Representatives under decree # 15355
dated 05-02-01964 is put into action and this is its content:

Article 1:

A cooperative association is considered any association composed of people with
unlimited capital, and has no aim of profit and is established in accordance with the code
of this law. It is designed to improve the situation of its members economically and
socially combined their efforts in accordance with the general principles of cooperation.

Article 2:

Each association should have a name that reflects the special character and the type of
work and its center, and it should not be associated with the name of any person. It must
use in its name the word «cooperative association». If its type of limited liability, they
must add the words limited Liability Company, or (Ltd). The entire name and the
registration number must be mentioned in the management of cooperation and in all its
books or records, agreements, contracts, correspondence and all publications.
Any non-cooperative association must not contain the word cooperative or their
derivatives in its name in accordance with the code of this Act.
Every institution that has such a designation in violation of the code of this law should
correct it during the year from the date of publication of this law, except for the
employees' cooperative.

Article 3:

the Cooperative associations should maintain records according to the type of work it
does with a standardized format established by the Department of cooperation.

Article 4:

it was Amended in article 1 under the article of decree No. 3508 dated 29/6/1972 as follows:

The cooperative association should exercise its work in the area specified in its system, and its headquarter should be within this region. It may not establish branches outside of this region, but it can do so in order to ensure their own purchases needed or to dispose their returns, under a condition of having a prior approval from the Department of cooperation.

Article 5

There should not be more than one cooperative with the same single purpose in one village, but it could be in the case of the establishment of a cooperative association for a purpose that is in the secondary work of the other cooperative working in that village. The Department of Cooperation has the only right of dismissal and decision in this regard.

In cities with populations of more than twenty thousand, the establishment of more than one association with one same purpose is acceptable as the requirements interest. By then the name should be chosen in a way that does not call for any confusion.

Article 6

As it was amended too in the text of Article 2 of Decree No. 3508 Dated 29/6/1972 as follows:

the cooperative association can not address the interests of a non-members, unless the text of its rules phrased the contrary, except in the credit operations which should never be made for the benefit of non-members.

Article 7

As it was amended in the text of the first article from the Legislative Decree No. 58 Dated 21/6/1977 with the following:

The Cooperative association and its unions possess the moral personality and it can own movable and fixed money and to contract with third parties to achieve its objectives set forth in its rules and shall be entitled to accept donations, bequests and grants.

Unions and cooperative association, which purposes and objectives is the industrialization of the production May be involved in the founding of companies or to contribute under the condition that the purpose of such participation or contribution is to achieve the purposes and objectives of the cooperatives or associations concerned.

Subject to the code of Article 25 of this Law and with the decision of the Cooperatives and housing Minister with the consent of the Council to permit to the cooperative association industrial projects that create anomalies to the principle of equality in voting, provided that no member can be given more than a dozen votes, no matter how many shares.

Article 8

As it was Amended the text of Article 3 by the law program put for execution under

Decree No. 3508 Dated 29/6/1972:

Cooperative association are divided in terms of the responsibility of its members into two types:

1 –cooperative association with limited liability, the members will be responsible as much as the value of their shares in the Assembly or a value exceeding of that specified by the Assembly.

2 –cooperative association with unlimited liability in which the members are personally liable in unity for the obligations of the Assembly even after its resolution and liquidation.

Two articles are added to this chapter under article # 26 from the code of law that has been put for execution with the decree # 3508 dated 29/06/1972.

Article 26: Added to the first chapter of the cooperative association law that is put for execution with the decree # 17199 dated 18/08/1964 the following code:

Article 8 bis 1

Cooperative association could be established in the public and private educational institutions primary, supplementary, secondary, university, technical and vocational school aiming to ease the burden of school expenses and contribute in organizing the students' leisure time and provide a civil and cooperative education to them and encourage them to save and give them the opportunity to pay attention to the achievement of local and national development programs through the application of the principles of cooperation.

Article 8 bis 2

- 2- Determined by a decree taken by the Council of Ministers the following things:
- 1 - the requirements for membership in the cooperative school.
 - 2 - The value of stocks and how to release it.
 - 3 – the way of forming the board of directors, the Governing Council, the controlling Commission, the voting essentials, meetings, and to take decisions, etc. ...
- It May have among the members of the Oversight Committee and the Board of Directors judging members and elected members.
- 4 - How to hold meetings of the General Assembly, the voting essentials and the majority to take decisions.
 - 5 - How to make the establishment requests and how to take action.

Chapter II

In the establishment of cooperative association and their membership

Article 9

As it was amended in Article 4 by the program law put for execution under the Decree No. 3508 Dated 29/6/1972:

the united associations, regional associations and cooperative association of different types are established by the President of the cooperation decision.

An added paragraph by the Article 1 under the Legislative article of Decree No. 125 Dated 16/9/1983:

By a decision from the Director-General of the establishment of cooperative associations, an establishment of local junior cooperative could be done, being engaged in cooperative tasks, will be pending until to be shift to cooperative association. the local associations work in accordance with the regulations established by the General Directorate of Cooperatives in how to determine its purpose, rules of administration, operation of its bodies, authorities and the composition and terms of reference. It also sets out the terms of membership and financial affairs and how to resolve them, how to liquidate them or convert them into cooperatives.

The system and any amendment won't work without the approval of the General Directorate of Cooperatives.

Local junior associations have the moral personality features, characteristics and exemptions as the cooperatives.

Article 10

As it was amended in article 5 by the law put for execution under Decree No. 3508 Dated 29/6/1972:

the number of people involved in the establishment of cooperative association should not be less than ten, but the management of the cooperative has the right and for approved reasons to approve on the establishment of the cooperatives where the founders are less than this number.

Article 11

the right way for the submission of applications to establish a cooperative association, licensing, registration of the cooperative, the preparation of the rules and procedures for each type of cooperatives, the application systems for the collaboration of work are all should be settled in accordance with decrees taken in the Council of Ministers that are conformed by the spirit of the law.

Article 12

Any amendment to the procedure of the Assembly must be done by the majority of Assembly members' decision in a meeting convened by the General Assembly as the essentials that will be specified by the decree referred to it in Article 22 of this Law. However, if the amendment is to increase the degree of the members' responsibility or by making it to unlimited liability, thus it must be with the consent of four-fifths of the total associate members of the Assembly. It is sufficient to obtain the approval or disapproval by a written decision from the members who were not able to attend the meeting where each member should be informed of the proposed amendment and the date of the meeting before thirty days, and it is required that each opposing member will be allowed to withdraw from the cooperative within thirty days from the date of informing him the decision to ratify the amendment, or else he will be considered a member and shall bear

the responsibility resulting from the amendment of the internal rules. In the withdrawal of a member shall apply the code of Article 37.

Article 13

As Amended in the first article from the Legislative Decree No. 58 dated 1/6/1977 and replaced with the following:

If the Assembly considered a necessity to reduce the liability of its members, can do so by amending its rules.

The association remains bound by the implications of debt before the amendment on the basis of its previous responsibility to it.

Article 14

any modification of the internal Assembly rules does not work before being approved and registered by the Department of Cooperation.

Article 15

the conditions of membership and association and the reasons that cease it in addition to the cases where the member is separated from the cooperative are all determined by a decree adopted by the Council of Ministers.

Chapter III Management of Cooperative Association.

Board of Directors

Article 16

the Cooperative Association is run by a Board of Directors that determines the number of its members, their powers, duties, the conditions that they must be available to them, how they are elected, organize their work, their relationships with others and in particular the relation of the cooperation with the Department of the General Assembly, all are through a decree adopted by the Council of Ministers.

Supervision Committee

Article 17

the monitoring committee oversees the orderly conduct of the Board of directors and determines the number of members and how they should be elected, their powers, duties and organization of work, under the decree adopted by the Council of Ministers.

Article 18

The proceedings which the cooperative wants to submit against the Governing Council or against one of its members are decided by the General Assembly and are set up by the monitoring committee on behalf of the Assembly. As for The cases made against the members of the cooperative, they are made by the board of directors after taking the approval of the Oversight Committee.

Article 19

As edited in the text of the first article under the Legislative Decree No. 58 dated 21/6/1977:

both the Governing Council and the Supervision committee are monitored by the General Directorate of Cooperatives, and if it has touched neglect or omission by the Council or the supervision, it can stop its authority and put an interim council or committee of their members or members of the cooperative or of its employees to take on the powers and in this case it will call the General Assembly within a maximum of three months to consider the impeachment and prosecution of all or some members of the Board or the Committee and to elect replacements for them.

General Assembly

Article 20

Assembly consists of members who paid the value of at least one of the shares from who owns the shares. The General Assembly is the supreme authority in the cooperative and when it is held all decisions should be taken on who are absent as well as the contravention of the present.

Article 21

Each member of the cooperative has one vote regardless of the number of shares owned.

Article 22

Determined by the decree, the following related assembly issues:

- 1 - How the Association meetings should be held and how to ensure a quorum.
- 2 - The number and type of annual meetings and the topics to be discussed.
- 3 - How to manage meetings.

Article 23

as it was Amended in the second Article under the Legislative Decree No. 125 dated 16/9/1983:

the General Directorate of cooperatives have the authority to stop the implementation of any decision by the General Assembly or the Board of Directors or the committee that thinks it states contrary to the code of law or of the system of the Assembly or of the principles of cooperation, or any other Act of the Laws of the State. It can for the committee that they have stopped its decision to submit a rejection to the consultative council.

Chapter IV

The financial affairs of the cooperative association

Article 24

The number of shares in the cooperative association is unlimited, and is subject to an increase or decrease. As for the price, it is consistent, and is set in the rules and procedures of the Assembly.

The price per share cannot be less than ten Lebanese pounds and not more than a hundred pounds. If the member wants to purchase more than one share, he can pay for in multiple installments within a specified time as provided in the rules of procedure.

Shares are Nominal and may not be waived or transferred only after the Board of Directors checks if this person achieves the conditions of membership.

Article 25

a member may not have more than one-fifth of the number of shares subscribed.

Added the following paragraph under Article 6 of Decree No. 3508 Dated 29/6/1972:
With the exception of the various cooperative unions.

Article 26

The capital share for the cooperative comprises the value of shares subscribed by the members.

Article 27

It was cancelled by article #7 of the law that is put for execution under Decree No. 3508 Dated 29/6/1972.

Article 28

Reserve money is divided into:

Mandatory reserve and normal reserve.

1 - Mandatory reserve: is where its value exceeded half of the equity capital.

2 – Normal Reserve: is what they start to compose after they do the mandatory reserve.

Article 29

In addition to the Normal reserve allowed in article 28 of the General, the formation of another special normal reserve is allocated after the approval of the General Assembly for certain acts.

The mandatory reserve cannot be used but after a decision taken in the General Assembly, however, the normal reserve not the special one is to be used by the hands of the board of directors.

Article 30

the cooperative is Eligible to mention in its rules of procedure the collection, or booking a periodic fee as a temporary capital. This capital is as a debt from the members to the Assembly, which is collected and has interest on it to be returned to members as it is mentioned in the Assembly.

The following paragraph is added under Article 8 of Decree No. 3508 put for execution on Date 29/6/1972:

The system of cooperative may impose a contribution to members and how to pay.

Article 31

As it was amended in the text of Article 31 of the law program put for execution by Decree No. 3508 Dated 29/6/1972:

If the losses of the cooperative has caused deficit in the Obligatory reserve provided for in paragraph 1 of Article 28 or in the paid-up association capital, it can not distribute any dividends or profits in the following years, but after filling this deficit.

Article 32

interest or dividends are not paid to the member only after the value of shares is fully paid. The profits belonging to such member shall be considered as payments for the reimbursement calculation for the remainder of the shares price.

Article 33

As it was amended in the text of Article 10 of the law program put for execution by decree No. 3508 dated 29/6/1972:

Net surplus is what is left of the annual income after deducting the expenses and depreciation.

1 – What is resulted from a surplus from dealing with non-members are to be left to the reserve.

2 - from the remaining net surplus, 25% goes to the reserve for limited liability cooperatives 50% of the unlimited liability cooperatives and the remainder is distributed as follows:

A – to be paid to members an interest rate on their shares as specified in the cooperative system, provided that it won't exceed the rate determined by the National Federation of Credit Cooperative, and that the total value of the interest paid won't exceed 25% of the surplus.

B - No more than 5% of the net surplus is allocated for physical, social or cultural work decided by the General Assembly in the area of the cooperative work.

C - The rest of the surplus is distributed to members on the basis of each of them dealing with the Assembly and the so-called the «return». As for cooperatives that its purpose is loans, no returns are distributed to members, but left to the reserve.

3 - The Member's right to claim the returns and benefits is lost after five years from the date of their announcement.

Financial responsibility in the cooperative association

Article 34

As it was amended in the text of Article 11 of the law program put for execution by Decree No. 3508 Dated 29/6/1972:

The responsibility of the members of the cooperative can be unlimited or limited. In the unlimited cooperative association, the members are personally responsible for the financial and business work of the association and jointly severally liable without limitation.

As for The limited liability, the members are either limited to the value of the share or the total shares owned by a member of the Assembly, or by an increase of the value as determined with the Assembly system.

Article 35

If the association wants to amend the responsibility of its members, it shall hold in accordance with one of the code of Articles 12 and 13 of this Law.

Article 36

transferring the ownership of shares is not considered legal unless it got the approval of the Board of Directors, and recorded in the register of shares in the cooperative by the Secretary. A debtor member may not transfer his ownership of shares to others, unless he liquidates all his debts with the Assembly.

Article 37

As it was amended in the text of Article 12 of the law program put for execution by Decree No. 3508 Dated 29/6/1972:

If a member lost his membership in the cooperative, whether by quitting or dismissal, or death, it shall be returned to him or his heirs the value of shares in the light of the existing capital at the end of the current financial year and after deducting what is necessary to be paid for the cooperative. And it shall not in any case this amount exceed the value of shares paid by the member.

A Period of two years is given to the cooperative to pay the value of the shares.

The right to claim the value of shares is expired after five years from the date of the loss of membership.

Article 38

A - the member who had resigned or dismissed and the heirs of the deceased member stays liable to third parties for a period of two years from the date of the resignation, dismissal or death for all transactions concluded by the Cooperative association at that date and within the responsibilities specified in the rules of procedure.

B – There is no relation between the receivables due to non-members of the Assembly with the movable property and immovable property.

Chapter V

The rights of the cooperative association and its business.

Article 39

As it was amended in the text of Article 13 of the law put for execution under Decree No. 3508 Dated 29/6/1972:

the work of cooperatives Could be in the various fields of human activities and its objectives are to work for the benefit of its members, or to facilitate and regulate their actions and activities of different types, or provide what they need to secure goods and services and the means and materials, etc. ... Or to improve the quality of goods, services

and materials provided to them or that they produce for consumers, or the marketing and disposal of their products and packaging it to manufacture or for a collectively conversion.

Article 40

the cooperative association that its major work is to market the products of its members should have an agreement with its members through a provision in its rules of procedure or an annual contract concerning the marketing of their products or any part thereof. It should be determined in the rules of procedure or in the safeguards contract or fines for the implementation of this contract.

Article 41

As amended under Article 14 from the law put for execution in Decree No. 3508 dated 29/6/1972:

Cooperative association may accept bequests, donations, assistance and deposits from members and non-members.

The National Union of Cooperative Credit identifies the conditions of public and private credit in the cooperative sector as well as the means of the lending and borrowing.

Article 42

As amended in the first article under the Legislative Decree No. 58 the date of 21/6/1977:

cooperative association are Entitled to borrowing from the financial and banking institutions and the National Federation of Credit for Cooperative in order to finance projects or to lend its members, unless they got the approval of the General Assembly on the amount and terms of loans and the value of interest.

Cooperative association are entitled to own commercial companies needed for its business, in this case it benefits from the code related to selling businesses and its mortgage by the Legislative Decree No. 11 dated 11/7/1967.

Commercial companies related to cooperatives are registered in a special register provided in Article 4 of the mentioned Legislative Decree and it will not be recorded in the commercial register, but a registration number referred to in the register of cooperative held by the General Directorate of Cooperatives.

Article 43

Canceled by the text of Article 15 from the law put for execution in Decree No. 3508 Dated 29/6/1972.

Article 44

As Amended in text of Article 16 of the law put for execution under Decree No. 3508 Dated 29/6/1972:

cooperative association and their federations' Debt that have for others or to members and clients are considered excellent debts.

Financial Auditing

Article 45

the accounts of the cooperative must scrutinize once a year at least by an auditor approved by the Department of cooperation. This reference has the right to examine the cooperative's books, records of accounts, documents and the inventory of their warehouses. And all officials of the cooperative should put all the required information at the auditor's disposal.

Article 46

Amended text of Article 17 of law put for execution under Decree No. 3508 Dated 29/6/1972:

The auditors submit their reports in all cases to the Department of Cooperation for examination and referral to the Board of Directors of the cooperative, which must be included on the agenda of the ordinary general assembly. If the cooperation management detected in the audited reports of the auditors any violation of the code of this Act or a work threatening the financial interests or the interests of the members of the Assembly or the creditors thus it should call the Governing Council or the Commission of Control or the General Assembly to take appropriate legal measures.

Article 47

the management of cooperation Assigns observers to examine the work of the Governing Council and the Oversight Committee and the Assembly and to ascertain their conformity with the law, rules and procedures, and the decisions of the General Assembly. They have the right to examine the books, accounts and auditing them. In addition, they check if notes made in their previous inspection had been carried out. And Staff should deliver an accurate report on the control for the management of cooperation to take the necessary measures.

Chapter VI

Dissolution and liquidation of a cooperative association

Article 48

The cooperative association is Resolved and liquidated by a decision of the General Assembly in the following circumstances:

- 1 - If the business which they were established for ended before the time limit.
- 2 - If obstacles were faced by the association and where it is impossible for it to complete the term.
- 3 - If all or some of the capital of the association is lost and the General Assembly was not able to cover this deficit, and it became impossible for the association to continue the work in terms of money.
- 4 - If it was merged with another cooperative association.
- 5 - If it wants to reduce the liability of its members in accordance with Article 13.
- 6 – For any other reason the general assembly sees for a liquidation.

The Assembly resolutions are not effective, unless three-fourths of the members of this

Assembly are present. If there is no quorum in the first assembly, the association is called for a second meeting within a week with book with a notice of delivery. The assembly won't be legal unless the meeting was attended by half of the total members of the general assembly, which constitutes a quorum in such case.

Article 49

As Amended in the text of Article 18 of the law put for execution under Decree No. 3508 Dated 29/6/1972:

the cooperative association is dissolved and liquidated and its registration is revoked by a decision of the President of the cooperation in the following circumstances:

- 1 - if it does not start its work within one year from the date of publication of its establishment in the Official Gazette.
- 2 - If the number of associates decreased from the legal limit number and it was not able to fill this shortfall during the fiscal year.
- 4 - If it is proved the case of a hardship or deficit that the association can not solve with their obligations.
- 5 - If it neglected its business which it was created for, for a period of one year.
- 6 - If, after investigation, it was proved by the local administration, that the cooperation is doing political or sectarian work, or there are internal disputes among the members that makes it hard to continue to work.
- 7 - If it continues in violating the laws and regulations and the code of its rules of procedure, despite the warning by the Department of cooperation.

Cooperative is entitled to object to the decision of the State Consultative Council within one month of the date of publication of the decision in the Official Gazette and this objection does not suspend execution unless the state council has decided to stop the execution.

Article 50

as Amended in the text of Article 19 from the law put into execution under Decree No. 3508 Dated 29/6/1972:

1 - when the satisfaction of dissolution is taken by the General Assembly, enshrined in article 48, the General Assembly appoints a liquidator or more to take over the liquidation in accordance with the code of this law, and its decision taken in this regard should include the identification of an advance on wages for the liquidator.

2 - This resolution with the names of liquidators shall be sent to the Department of Cooperation for approval and publication in the Official Gazette.

After that, the general assembly may not be held only if an invitation from the cooperation management is published in a local newspaper, or by a book before fifteen days from the date fixed for the meeting and to consider and discuss the following matters only:

A - to replace the liquidator or liquidators in the event of death or resignation or for any other reason the cooperation of the administration sees it must to replace.

B - Fixing the remuneration of the liquidator after the final view of his efforts.

C – Checking on the liquidation account and discussing it before the final review and ratification of the management of cooperation in implementation of article 52.

The legal quorum at the meeting convened by the Assembly upon the invitation of the

Department of Cooperation for the consideration of the matters set forth in paragraphs a - b - c – above, those of the members attended. And decisions are taken as per the relative majority. But if one of the members did not attend the meeting, then the management of cooperation decides on the topics on the agenda.

3 - As in the cases provided for in Article 49, the Department of Cooperation appoints the liquidators and determines their power and remuneration and has the removal and replacement right at any time, and it must publish their names in the Official Gazette.

4 - The cooperation can nominate from its employees liquidators in the case where there is no need for outsiders. Those chosen are not entitled to any compensation from the funds of liquidation.

5 - As It was amended in the first article of the Legislative Decree No. 58 dated 21/6/1977:

in the liquidation, it is Applied to the extent that is not inconsistent with the procedures and principles stipulated in this Law, the code of articles 926, 927 and 928 (except for the words «and taking into account the decisions taken by the partners unanimously» mentioned in the last sentence of this article) and 929,930, 931 and 932 of the Code of Obligations and Contracts.

After the decision issuance, the creditors should review the liquidator and prove their debts.

6 - The decision to dissolve the cooperative, adopted in accordance with Articles 48 or 49 of this Act stops the interest on the debt of the cooperative members or to others, and it falls the term of debt owed to the cooperative or for it.

Article 51

As it was Amended in the text of Article 20 from the law put for execution under Decree No. 3508 Dated 29/6/1972:

Subject to the code of article fifty, the authority of the Governing Council, the Oversight Committee and the Assembly ends as soon as the decision to dissolution is taken. From that date, the liquidators start their work to collect the debt and to achieve cooperative debt, the liquidation of assets and property in preparation for the development of the balance sheet.

The Board of Directors and the Control Committee should assist the liquidator, whenever he requested to do so.

Article 52

When the liquidation is done, the liquidators show the final account of cooperation to the management for review, ratification and publication in the Official Gazette.

Article 53

the Assembly members are entitled to object to the accounts of the liquidation to the relevant authority within two months of the date of publication of these accounts in the Official Gazette.

Article 54

As it was amended in the text of Article 21 of the law put for execution under Decree No. 3508 Dated 29/6/1972:

If there is no objection to the liquidation during the period provided for in Article 53, the final statement of account provided for in Article 52 is considered final, and the liquidator will start paying the settlement, except the value of all shares that are not to be paid for their owners only after the payment of other receivables.

If after paying all the settlements and shares, there was extra remaining, it will be kept for the establishment of a new cooperative in the same area, or give it as an aid to one of cooperative unions.

Once the distribution as described above is sent by Liquidators, account and records of the cooperative distribution and its documentation will be kept with the Department of Cooperation for a three-year term.

Article 55

the right to prosecute the members of the Board of Directors, the General Oversight Committee, the liquidators and members is lost after the expiry of three years from the date of publication of the accounts of the liquidation in the Official Gazette.

Article 56

The dissolution and the liquidation of the cooperative do not preclude the prosecution in court at the claim of the administration of cooperation.

Article 57

The Cooperation management assign a certain employee or more to do the task of inspection, investigation and organization of the records of irregularities. This staff member sworn in and is given the status of judicial police.

Title VII Exemptions

Article 58

Cooperative association is exempted from:

A – the following municipal fees:

- 1 – The advertisement fees.
- 2 - The tax on building permits.
- 3 – The fees on technical drawing lessons data.
- 4 - The tax on rental value.

A paragraph added in Article 22 from the law put for execution under Decree No. 3508 dated 29/6/1972:

5 – The electricity and water charges.

B - Wages and other allowances:

- 1 - Wage of publishing in the Official Gazette.

- 2 - Wages of Laboratory tests in the state enterprises.
- 3 – A Percentage determined by the Minister of Agriculture from the sale prices of the Ministry of Agriculture returns.

C - fees and indirect taxes, that should be reported:

As in the text of the items 1, 2, 3 and 4 were Amended under Article 22 of law put for execution under Decree No. 3508 Dated 29/6/1972:

- 1 - Fees of the Prince stamp of borrowing and lending contracts and other sub securities.
- 2 - The legal fees and the Prince stamp duty and of the suits that is brought by the Assembly to be held by or on the debtors, as well as fees at the centers for code, bonds , undertakings and contracts.
- 3 - Transfer fees on real estate transactions, insurance and the development of mating and transfer of real estate secured transactions for the benefit of the Assembly to its name, and all fees and the Prince's stamp duty on the purchase transactions of real estate to their advantage.
- 4 – It is exempted from all traffic charges and mechanical inspection to all the cars, trucks and all the mechanisms of the Association.
- 5 - Fifty percent of the export duties on products generated by the cooperative to abroad.

D – Direct taxes were amended as well in the first article of the Legislative Decree No. 58 dated 21/6/1977, the following:

- 1 - Property tax based on the buildings owned and operated by the cooperative in order to secure its interests related to their activities, without the need to make any request for relief to the financial community.
- 2 - Making the transition for the aid, grants and bequests, this can be reduced to the Association without a valuable consideration.
- 3 – As amended in the text of paragraph 3 under Article 22 from the law put into execution under Decree No. 3508 dated 29/6/1972:

The Association is exempted from the Income tax including the interests they get from their debtors, and it shall not present any statement to the financial authorities.

It does not benefit from the exemptions mentioned above, other than the cooperative association, as moral stand-alone figures. Others who deal with it are not exempted, even if this third of its members.

However, the contracts for members of the cooperative made for loans to finance their projects are exempted from stamp duties with other securities subcommittee. And it shall be exempt from transfer fees, real estate transactions, the real estate insurance, and its dismantled and the transfer of ownership of real estate for the benefit of the cooperative to its name.

The paragraph was added under Article 22 of the law put into execution under Decree No. 3508 dated 29/6/1972:

E – the united associations and regional cooperative unions and General Cooperative Union and the National Federation of Credit Cooperative benefit from the exemptions provided in this article.

2 paragraphs were added under Article 3 of the Legislative Decree No. 125 Dated 16/9/1983:

F – The cooperative housing associations and federations benefit from the exemptions

provided for in Article 9 of the new Housing Act No. 58/65 Dated 8/12/1965 amended by Law No. 31/73 and these exemptions are applied to all transactions, operations and Work that are done for the benefit of its members, or when the ownership residential units are transferred under the names of beneficiaries who are from the 2 categories of limited income, or average.

G – under a decree taken by the Council of Ministers based on the proposal of the Ministers of Finance, Housing and Cooperatives, the cooperative of agricultural, artisan, industrial and residential cooperatives may take exemption in whole or in part from the customs duties on materials, equipment, machinery, and imported machinery which are necessary to achieve the objectives and purposes set forth in their statutes.

Chapter VIII

Penalties

Article 59

Punishable by a fine of between fifty and five hundred Lebanese pounds each of the members of the founding and the Board of Directors of any Association established in Lebanon without legal authorization.

Article 60

Punishable by a fine of not more than 250 Lebanese pounds each person who was unjustly in his business or in the plates of his shop, or any declaration or other, which is published to the public about the business or project administered, any name that mislead the public about a cooperative work he's doing.

Article 61

Punishable by a fine of between fifty and five hundred Lebanese pounds and sentenced to imprisonment ranging from one month to one year or by one of the fine and imprisonment of damages and other penalties under the Penal Code:

1 - Persons who have fabricated or are trying to fabricate the majority of incorrect manner of fraud in a general assembly, in particular through the promised benefits, especially to influence others to vote in a particular vote or refrain from the use of his power or exploit a purchased power.

2 - the founding members, the Board of Directors, the Committee on Oversight, managers, administrators, agents, inspectors, management, auditors and liquidators who deliberately or in their calculations, whether reporting to the Department of cooperation or association to the public or to the court and report opposite of the truth and figures on the status or deliberately conceal or cover all or some of the facts concerning this case.

3 - Members of the Board of Directors, the Committee on Oversight, managers and agents who have to come up with a final account other than it were stated in the balance sheet or through the development of final accounting fraud. Or they distributed to members the benefits of dividends or profits that are not taken from the actual.

4 - Members of the Board of Directors who issued shares different from the value of their original value.

5 - Members of the Governing Council or the Commission of Control or the directors or managers and agents who gave loans or advances or benefits or deposit of money or insurance or discount contrary to the code of the special rules of procedure or the code of this Act.

6 - Liquidators who distributed to members the assets of the association contrary to the code of this Act.

Title IX

Cooperative unions

Article 62

Amended text of Article 62 under Article 23 of the law project put into execution by the Decree No. 3508 Date 29/6/1972 as follows:

Following the principle of general cooperation, the cooperative associations are entitled to form united associations, or a regional cooperative unions or general federal cooperation.

1 - The united association: is a cooperative composed of cooperative associations doing a major unique task. These united associations are formed on regional basis and also the cooperatives may unite among them or with the regional united associations, under the banner of the general united association covering all Lebanese areas.

The United association is formed of at least two cooperatives having the purposes of work for the benefit of its members to provide services and facilitate the business and wholesale operations for anything that might be construed to achieve the objectives laid down by the systems (or statutes) of its members.

2 - Regional Cooperative Union: Union is composed of cooperatives or united associations united in a limited area and the purpose of this union is the dissemination of the movement in the area and conduct operations that may combine the interests of associations belonging to the Union with different purposes and objectives such as the cooperation on the organization of management and accounting of the associations and facilitate means of transport and business that would usually bring benefit to the members of the associations, all that might be construed to achieve the purposes set forth in its members statutes.

3 - The National Union of Cooperatives: The National Union includes the entire cooperative movement, all of the cooperatives and united associations and regional associations and the National Union are required to be its members for cooperative credit facilities purposes.

The national Union has its representatives and has an economic nature ; its goals and objectives and its work and management procedures are all set by by a government decree. This Union is like a cooperative with aberrance to the code of this Act in accordance with Article 63.

4 - National Union of Credit Cooperative: is a cooperative union with its objectives and goals and working procedures determined by its creation decree and its statute.

Article 63

The united associations and regional cooperative unions are constituted according to their own statute that is regulated by this present law with some exceptions regarding the membership and the value and number of the shares and the principle of equality in voting. Their statutes could require from these associations and unions an annual subscription fee in proportion to the number of their members, or their total transactions. The United Association and The Regional Cooperative Union, each one is considered as a cooperative of individual attributes and each has advantages and duties as it is imposed by this Act on any cooperative association.

Article 64

Its text is canceled under Article 2 of the Legislative Decree No. 58 dated 21/6/1977.

Article 65

Its text is canceled under the applicable law of the decree No. 9813 dated 4/5/1968 saying to compose the National Union of Credit Cooperative and witch text and amendments are mentioned in this present law under the same title.

Article 66

Amended text of Article 66 under Article 24 of the applicable law of the Decree No. 3508 Date 29/6/1972 as follows:

Involved cooperation of the Management Department with the General cooperative union, with the cooperative associations and with the regional cooperative unions in the training of individuals who manage and maintain books of accounts and supervise and audit them.

Article 67

Administration intends to cooperate in its application to encourage self-reliance on cooperatives and associations and seeks to gradually transform the management of the cooperative movement from a government department to peoples' management that oversees its own work, sponsored by the State.

Chapter X

Final code

Article 68

Amended text under the first article of the Decree No. 11618 on the date 4/1/1969 as follows:

the Department of cooperation follows the Ministry of Agriculture as in articles of this law. The ministry handles all issues relating to the registration, assistance and control, settlement and liquidation of cooperative association of different kinds.

Article 69

This law shall be applied to all co-existing pre-employment and these associations must amend in accordance with the regulations and the code within six months from the date of its publication in the Official Gazette.

Article 70

the powers of adjudication of all disputes arising from the application of the code of this law are treated in the relative courts to consider it as a case of urgency.

Article 71

the agricultural cooperative associations are entitled to be represented in associations, bodies or trade agricultural unified with a sole objective of higher cooperative, In order to create understanding between the farmers and helping them to solve their problems.

Article 72

the text of Article 72 Canceled under Article 25 of Decree No. 3508 Date 29/6/1977.

Article 73

the code of Legislative Decree No. 121 Date of November 19 the year 1941 are Override and all legal code contrary to this code of Act or not in accordance with it, except for the content of employees' cooperative.

Article 74

this law is active immediately after its publication in the Official Gazette.

Article II

this decree is published and notified where it is needed.

Zouk 18 August 1964

Signature: Fouad Shehab

Decree No. 2989

**The cancellation of the practical Decree # 3401
11-12-1965 concerning cooperative association
And replacing it with new act**

The President of the Republic,
Based on the Constitution,

The basis of the draft Law on Cooperative Association topic the implementation of Decree No. 17199 Date 18/8/1964 amended by the law put into execution under Decree No. 11618 Date 4/1/1969, in particular articles 15, 16, 17 and 22 and 43 thereof.

On the proposal of the Minister of Agriculture,
And after having consulted the State Consultative Council in its resolution No. 11 date 11/2/1972,
After the approval of the Council of Ministers in its meeting held on 23/2/1972.

Chapter I

Requests for the creation of cooperatives and their associations, stages and procedures of incorporation and registration.

CHAPTER I

Requests for the creation of cooperatives and their associations

Article I - requests for the creation of cooperatives and their associations

For the establishment of cooperative association for different purposes and goals, as well as requests for the establishment of cooperative unions and united cooperative association, a request is to be sent to the Department of the United cooperation provided by the law of the organization of cooperative association.

Article 2

The application for the establishment of the cooperative body must meet the following conditions:

A - contains the names and signatures of the sponsors and the name of the person authorized to receive all observations and answers of the administration concerning the application.

B - Includes the name of the cooperative to be established, its purpose, its area, their main and the proposed date for the convening of the Constituent Assembly that should not before two months of the date of application but with the approval of the Department of cooperation.

C – Explains the name, age and place of residence of the founding signatories of the application and the type of activities that they practice and its location.

D - The specific number and value of shares to be first edited.

E - Contains the necessary data and information.

Article 3

the establishment of cooperative unions and cooperative association Nations application

should meet the requirements set forth in the Cooperative Association Act and containing the necessary data and information.

Chapter II – Procedures of Establishment stages

Article 4

The Cooperation management as soon as it receives the request of establishment, it should do the following:

- 1 - Check the availability of necessary economic and social infrastructure for the success of the cooperative to be established.
- 2 - Preparation of the Model of the draft statute of the cooperative and discuss its code with the application signatories.

Article 5

In light of the results of the procedures set forth in Article IV above and in the time limit that shall not exceed two months from the date of the registration request, the cooperation should or approve on the establishment of the cooperative and on the proposed date for the convening of the Constituent Assembly, or not to approve on the establishment.

Article 6

If the Department of Cooperation approved the establishment of the cooperative, the founders should deposit before the date of the convening of the meeting of the Constituent Assembly a receipt proving the payment of the shares referred to in the first paragraph (d) of Article II above, in a recognized bank or in the Treasury fund, in one of the founders name. This value will be transferred to the cooperative after the establishment.

Article 7

If the administration did not answer the request of cooperation during the period of two months from the date of their registration, the request is considered accepted, and the Constituent Assembly should held its meeting on the proposed date and deposit in the treasury fund or a recognized Bank the value of shares referred to in the first paragraph (d) of Article II above before the date of the meeting.

Chapter III – The Constituent Assembly, the registration and the publication procedures

Article 8

the Constituent Assembly meets with a representative of the management of cooperation in the date specified in the request for establishment.

The meeting of the Constituent Assembly is legal with the presence of two-thirds of the signatories who liberated the first full-price of shares in accordance with the code of paragraph (d) of Article II of this Decree.

The meeting will be chaired by the oldest member, or someone chosen by founders to start the meeting.

Article 9

The Constituent Assembly does the following actions:

- 1 – Assuring the first payment for the shares in accordance with the code of paragraph (d) of Article II.
- 2 - Adopting of the procedures draft.
- 3 - Electing the board members, members and the Oversight Committee members.
- 4 - Adopting the establishment expenses if any.

Article 10

The elected Board of Directors shall give the management of cooperation within fifteen days from the date on which the decisions of the Constituent Assembly took place, three original copies of each of the following documents:

- 1 - Procedures adopted by the Constituent Assembly, which is signed by all the members who attended the meeting.
- 2 - A list of the founding members signed by each of them and indicating the number of shares subscribed by it.
- 3 - A list of members who attended the meeting of the Constituent Assembly signed by each of them.
- 4 - Minutes of the meeting of the Constituent Assembly signed by the Chairman and the representative of the Department of cooperation.
- 5 - Minutes of meeting of the Governing Council signed by each elected members of Council.
- 6 - Minutes of the Oversight Committee meeting, signed by each member.

The elected Board of Directors and the representative of the Department of Cooperation who attended the meeting approve on all documents described above.

Article 11

1 - if the administration of cooperative agreed on the documents above referred to it with the code of Article 10, within a month from the date of receiving them, they should complete the following acts:

A - Prepare a draft resolution for the establishment, issue it and sent it for publication in the Official Gazette.

B – Register the cooperative at a special register prepared specially for this purpose in accordance with the code of Article 71 of this Decree.

C - Inform the Board of Directors in writing, the registration number and a certified copy of the resolution and each of the documents referred to in Article 10 of this Decree.

2 - The cooperative is considered settled if a month passed without the transactions set forth in the paragraph above has been completed and the cooperative management should complete the work outlined in the first paragraph above,.

3 - If the management of the cooperation considered any changes to the cooperative system, it has to inform in writing within one month and report to the board that must call for a General Assembly to decide on the matter.

If the General Assembly did not agree on the amendments proposed by the administration of the cooperative, it can review the legal methods.

Part II

Membership in the cooperatives and how to deal with non-members

CHAPTER I

Requirements for membership

Article 12

individual applying for a membership to any cooperative should meet the following conditions:

1 - deal with work related to its purposes and activities within the geographic ranges specified by the cooperative.

2 - Not engaged in work opposing the interests of the cooperative.

3 - Must not be a member in 2 cooperatives that deals with the same activity only if he works in the areas of these cooperative. In all cases he cannot be member in 2 cooperatives that their work is to give loans.

4 - He must have completed eighteen years old.

5 – It was amended as well in the Decree No. 230 Date 21/6/1977: and replaced with the following:

Be accepted by the Governing Council within one month from the date of submission of Application.

And if the request of joining was refused by the Board of Directors, he can object in front of the general assembly of the cooperative during the fifteen days from the date of informing him of the decision.

the objection is submitted through the General Directorate of Cooperatives, and the General Assembly has to decide at its first meeting and its decision shall be concluded and in force.

Article 13

to be a legal member of the cooperative, they should meet the conditions stated in the above Article 12 except for paragraph 4.

Chapter II

Loss of membership

Article 14

Affiliate to a cooperative loses its membership in these following cases:

- A - Death.
- B - Resignation.
- C - Separation.

Article 15

Each member who wishes to resign from the cooperative, may apply in writing to the board of directors, which must give him a receipt for the application and decide within one month from the date of receipt, note that they should not refused the resignation. The Board of Directors should determine the date on which the answer of the resignation becomes effective; however, it should not be more than six months from the date of the resignation request.

If the Board of Directors kept silence or did not take any action concerning the resignation during a month, the resignation will be considered effective at the end of six months following the date of receipt of request.

The Outgoing member remains liable for all his obligations stipulated in the system and adheres to and implements them until the resignation becomes effective.

Article 16

a member is separated from the cooperative by the Board of Directors decision in the following cases:

- 1 - if he lost any of the conditions set forth in Article 12 of this Decree.
- 2 - If he induced damage to the cooperative morally or materially that will be estimated by the Board of Directors.
- 3 - If he violates the code of the cooperative, or violated or neglected to do his duties and obligations provided for in the system, and the Governing Council considered the need for his dismissal.

A member will receive a letter note of dismissal with a notice of arrival, or by a public notary, and he has the right to challenge it within fifteen days from the date of informing him in front of the ordinary general assembly that should decide on this objection in its first meeting.

The dismissal decision is effective from the date of issuance. And an objection to the General Assembly does not stop its implementation.

Article 17

the cooperative system Determines the extent that the capital can not be lower of for any reason.

The cooperative is not solved or its duration is reduced because of the death of one of its members, or the resignation or dismissal, or the declaration of his ineligibility. But it will continue with the rest of the list of members unless it became less than the minimum provided by law.

Chapter III

The members' duties

Article 18

Member affiliated with the cooperative should implement all its obligations and does all the obligations provided for in the cooperative system, in the statute or its interior regulations, and adhere to the decisions of the General Assembly and the Governing Council.

Article 19

the system of cooperative Determine members' duties and obligations and the penalties that can be imposed on them if they neglected or banned its implementation.

Chapter III **Financial issues and records of the cooperative**

CHAPTER I **Shares**

Article 20

- 1 - The shares are nominal individual indivisible for the cooperative which does recognize only one owner per share.
- 2 - Shares can be transferred between members only with a written approval of the Board of Directors prior to that. All of the transfer, whether free of charge or with allowance if not associated to this approval are voided and of no effect whatsoever.

Article 21

Each associate member of the cooperative should own at least one share entirely edited called the "Association share". In addition to that he should own a number of shares in accordance with the economic system established by the cooperative and take into account the activities of the member and the amount of services and benefits provided to each of them.
These shares are issued in the time and the ways of the system established by the cooperative.

Article 22

The Capital of the cooperative is the total value of shares subscribed by the founders at the founding of the cooperative. The increasing Capital is the total value of shares subscribed in the cooperative.

Article 23

the Cooperative system determines the amount of the increase in the core capital, which can be approved by the board of directors once or several times through the acceptance of new members, or the imposition of new shares members to acquire. If the increase of the amount reached the specified number in the rules, any new increase requires a decision by the General Assembly.

Chapter II

The financial year and the final accounts

Article 24

Cooperative system determines the beginning and ending of the fiscal year in light of the cooperative activities and needs.

Article 25

The Governing Council should prepare the financial accounts of the cooperative for the previous year and show it to the General Assembly signed by him and the auditor, in a maximum of three months from the date of the end of the fiscal year. The deadline may be extended one month in cases of emergency, after the approval of the Department of cooperation.

Article 26

the accounts referred to in the preceding article must be organized and prepared in accordance with the instructions of the management of cooperation, and a general budget should be attached for the financial year ended and a detailed report signed by the auditor.

The accounts must be deposited with the annexes by the Office of the Board of Directors at least ten days before the date of the meeting of the General Assembly so that there will be time if any member wants to check them.

Chapter III

The records at the cooperative

Article 27

Each cooperative should maintain records and documents as well as accounting and administrative records (the records of the minutes of the meetings of public associations, Board of Directors and Control Committee) and statistical. It determines the types and regulates its contents by the Department of cooperation's decision.

Article 28

the records referred to in the preceding article should be sealed by the cooperation and should have its acceptance for their use.

Chapter IV

The bodies and authorities in the cooperative

CHAPTER I

Board of Directors

Article 29

its creation - its election – permanent members - the mandate duration and the requirements for membership.

1 - All cooperative is managed by a board of directors comprise of three, five or seven members elected by the General Assembly through secret ballot.

2 - The General Assembly shall elect at the same time it elects the members of the Governing Council three permanent members and determine who will be invited first to fill a vacant position.

3 – As it was amended in the text of Article 2 of Decree No. 230 Dated 21/6/1977:

The duration of the mandate of the Board of Directors is two or three years, as determined by the cooperative system.

The cooperative system may provide the end of the mandate of the members annually.

4 - Membership can be renewed.

Article 30

Members of the Board of Directors whom are elected in the general assembly should immediately after the election and in the same meeting elect a President and Vice-President and a Secretary. The duration of the mandate of those is equivalent to the term of the Governing Council itself.

If the President, Vice President or Secretary resigns of his function, the resignation is accepted and they will remain members of the Governing Council who should take the initiative within ten days at most and elect from among its members.

Article 31

1 - If there were a vacancy during the term of the Board of Directors, by death, resignation or dismissal or any other reason, the Governing Council in two weeks at the most should:

A – Inform the cooperation management about it.

B - Call one of the permanent members to fill the vacant position for the remaining period of the mandate of the Council.

C - If the vacant position filled is the President or Vice-President or Secretary, then the Council dictates the vacant membership first from one of the permanent members and then elects one member of the Center for the vacancy.

2 - If the three permanent were invited all at a time or in batches to dictate the vacant posts in the membership of the Governing Council, this last call the General Assembly during a month to elect a replacement for them.

However, if the number of permanents is not sufficient to dictate the vacancies in the membership of the Board of Directors, these vacancies are first filled by the available permanent and then the General Assembly and during a month will call to elect the remaining vacancies, as well as for the permanent for the remaining period of the mandate of the Council.

Article 32

If the mandate of the Board of Directors is expired and the General Assembly did not

elect a successor; the outgoing Board of Directors will continue to perform his duties and exercise his powers as usual, until a new board is elected but should have the approval of the cooperation management to continue.

Article 33

the candidate for membership of the Governing Council Require:

- 1 – to be a member of the cooperative.
- 2 – To be professional and has moral qualities to contribute and be qualified in the management of the cooperative and it is the discretion of the Assembly.
- 3 - Must not be a member of the Oversight Committee.
- 4 - They have completed their twenty one years of age.

If moral people, members of the cooperative, were elected to the membership of the Governing Council, they can be represented by a non member of the cooperative elected specifically for this purpose.

Loss of membership in the Board of Directors and the separation of its members

Article 34

a member of the Governing Council loses its character in the following cases:

- 1 - If he lost his membership in the cooperative.
- 2 - If he resigned from the membership of the Board that may not be refused.
- 3 - If the duration of his mandate expired and had not been renewed taking into account the code of Article 32 of this Decree.
- 4 - If he was separated from Council membership in accordance with the code of Article 35 of this Decree.

Article 35

a member of the Board of Directors is Dismissed in the following cases:

- 1 - If he intended committing neglecting or grave violation caused the association serious harm, whether material or moral damage.
- 2 - If he was absent for three consecutive meetings of the Council without a legitimate excuse.
- 3 - If a health reason prevented him from pursuing his work in the membership of the Council.

the dismissal is made by a decision, made by the General Public which meets in this case as per the Governing Council or the Commission on control, management or cooperation request during the period up to one month from the date of the request of dismissal, and the invitation is sent in accordance with the code of Article 54 of this Decree.

The dismissal is announce to the member to be dismissed or by posting it at the Center for Collaborative suspension, or by a notice with an arrival notification, and he will be stopped from any exercise of any powers from the date of the request for dismissal until the decision is taken by the General Assembly. He will not be responsible for the decisions taken by the Board of Directors for the time period mentioned, but he only remains responsible as a member of the cooperative.

Responsibility of board members and duties

Article 36

1 - The members of the Board of Directors are personally, jointly and severally liable, depending on the circumstances, to the cooperative or to others on the serious mistakes committed in the management of the cooperative and the non-respect of the cooperative system and the laws and regulations in force. The member is personally liable if his individual powers exceed the ones given to him by the Governing Council or the General Assembly.

2 - The cooperative determine the number of shares that must be owned by every member of the Board of Directors. These shares are as a guarantee of his work, and may not discharge or transform them throughout the duration of his mandate.

Board meetings and records decisions

Article 37

1 – The Governing Council meets every two months at least once at the center of the cooperative or at any other place within the scope of their work, by the invitation of the President or Vice President or Secretary after the President agreement.

2 – In exclusive cases, the Governing Council can be invited to meet by the request of:

- the cooperation Management.
- Half of its members.
- Committee on Oversight.
- Fifth of the members of the general assembly.

In this case, the invitation is made by the President of the Council and he has to adjudicate the application within two days at the most and determine the date of the meeting, and if he neglected or refused to put the request to the management of cooperation and determination to extend an invitation, set a date and place of the meeting.

3 – The invitation is sent before two days of the date of the meeting at least with the agenda attached. The President of the Governing Council or the management cooperation has the right to shorten the time in any urgent case and decide to inform the members by telephone or telegram or by any other means.

4 - Chairman of the Board heads meetings, in his absence his deputy, in the case of their absence a member chosen by the Council at the start of the meeting heads.

5 - The presence of a quorum is half of the members and takes decisions relative to the majority of votes, and if votes were equivalent the voice of the President will be likely.

6 - No one from the council members has the right to vote by proxy on the other, or be replaced by another person for this purpose.

7 – A Secretary records and in the event of his absence the President chooses someone to write the minutes of meetings of the Board of Directors in a special register maintained in the status of the cooperative.

All members who attended the meeting of the record sign it after reading it at the subsequent meeting.

The powers of the Board of Directors.

Article 38

the Board of Directors of the cooperative Administers and provides good conduct, and preserves its interests, with wider powers to do so. All work done by the board makes the cooperative responsible in front of third-party, provided that it is marked in the texts in force and that the General Assembly has maintained it for itself.

Article 39

Board of Directors has the powers conferred by the laws and regulations, in particular:
1 – it represent the cooperative in front of the state, the judiciary, committees and departments, public and private institutions and businesses and it does any work involved in this representation.

2 - Draw and receive all edits, parcels and money orders and other sent to the cooperative and give receipts for them.

3 – it appoints banks or credit institutions and deposits that must be deposited by the cooperative and pays the cooperative dues and manages its account in banks and lending institutions and identify ways to use the money available and accept the signature and endorsement of checks, bonds and undertakings and pay what is eligible for it

4 - accept grants, donations and contributions.

5 - Take a residence, and authorizes the President to represent the cooperative in various departments of public and private institutions and different administrative and judicial courts and committees claiming or defendant.

6 – Lend and borrow in accordance to principles, open credits and provide guarantees, etc. ...

7 – decide on the value of money that could be retained by the Director of the Collaborative on his own responsibility to ensure the ongoing needs of the cooperative.

8 – Agree and ratify on transfers of shares among members.

9 - Invest and administer the property of the cooperative of movable and immovable, but it does not have the right to sell the immovable property or a swap or right creation but after receiving the approval of the General Assembly prior. As for the movable funds, he has the right to sell it, purchase it and disposal.

10 –Appoint after the approval of his chairman a manager for the cooperative and determine his salary, which should not include a percentage of sales.

11 - Appoint and dismiss staff and determine the salaries of the cooperative as per the Chairman's proposal.

12 - His President is Authorized to litigate on behalf of the cooperative or the defendant, claiming it is intervening and the appointment of members or non-members to ensure the defense may give up on the claims brought, or to accept the waiver of claims against them.

As for the prosecution of members of the Board of Directors, it is vested by the Commission of Control.

13 - Accept or reject the enrollment of new members to the cooperative.

14 – Ask General Assembly to separate one of its members.

15 - Calls the Assembly for a meeting whenever a need arises.

Duties of the Board of Directors

Article 40

the Governing Council should:

- 1 - Comply with laws and regulations, the cooperative systems, and decisions of the General Assembly.
- 2 - Adhere to the instructions of the management of cooperation, especially in terms of maintenance and the organization of documents and administrative records and accounting.
- 3 - Facilitate the staff cooperation management and provide them with all documents and information they require.
- 4 - Seek to resolve disputes that may arise between the cooperative and its members or between members themselves through reconciliation and arbitration.
- 5 – Deposit to The management of cooperation copies of all records and decisions taken during the next two weeks.

Delegation of the powers of the Board of Directors

Article 41

- 1 – the Board of Directors may delegate some or all of his powers to a member or some of its members.
- 2 - He may give some members of the cooperative non-board members or third persons, a special authority for the purposes and work for a certain predetermined period, with the exception of signing checks, bonds, contracts and transactions.
- 3 - If it was not possible for the President or the Director or designate member to sign with the President checks, bonds, contracts and transactions, the Board of Directors authorizes one or more of its members to sign.

Presidency of the Boards of Directors.

Article 42

- 1 - the President of the Board of Directors is authorized to represent the cooperative in courts as a plaintiff or defendant resides or intervening . He makes cases under its name after the approval of the Board of Directors and the cases against the cooperative are made in his name.
- 2 -he heads the meetings of the Board of Directors and the General Assembly and administers its discussions. If he was unable to do so, his Vice-President or other members of the Governing Council or the General Assembly attend on his behalf depends on the case.
- 3 – He Implements the policy set by the General Assembly and the Board of Directors

and insure the work is done in a good manner at the cooperative.

Article 43

the chairman of the Board of Directors signs together with the Director of the cooperative or a Board member in charge for that purpose chosen by the Council, in the absence of the Director, to sign checks, bonds, contracts and transactions that the cooperative requires

Article 44

The Chairman of the Board of Directors can delegate all or some of his powers for duration and for certain acts to the Vice-President or a member of the Board, provided that this member is not in charge of solidarity with the signing of checks, bonds, contracts and transactions.

To ensure the proper functioning, He can delegate the manager of the cooperative some of his current work.

Free membership of the Board of Directors

Article 45

The membership, chairmanship, the vice presidency and the Secretariat of the Board of Directors are all free, but the Board of Directors can decide to give some estimated compensation to cover the expenses incurred by members during servicing cooperative.

Director of Cooperative

Article 46

Required in the Director of the Collaborative:

- 1 – to be Lebanese for at least five years.
- 2 - Be in possession of his civil rights and is not sentenced to bankruptcy or any crime listed in paragraph (e) of Article IV of the Legislative Decree No. 112 Dated 12/6/1959.
- 3 - His wife or his children or himself not to acts contrary to the interests of the cooperative.
- 4 – must Not to be Chairman of the Board of Directors or a member of the Oversight Committee, however, he can be a member of the Board of directors.
- 5 - Must not be an employee of the State or municipality or any official institution or independent interest.
- 6 - They have completed their first twenty years of age.
- 7 - To ensure that the report identifies the type and conditions of the Board of Directors.

Article 47

Powers of the Director:

- 1 - Chairman of the Board and assist in the management of the cooperative.
- 2 - Exercise all the powers given to him by the Board of Directors or the President himself.

- 3 - Manages and organizes the staff of the cooperative.
- 4 - To attend meetings of the Board of Directors in an advisory capacity and shall have the right to vote even if he was a member of the Governing Council or at the cooperative.
- 5 - Sign in solidarity with the president on the checks, bonds, contracts and transactions that the cooperative is required.

Article 48

Manager of the cooperative shall be personally responsible in accordance with the code of public law to the cooperative and its members and to others for the mistakes committed during his tenure, especially when he goes beyond the powers given to him.

Chapter II

Monitoring Committee

Article 49

Oversight Committee is composed of three members elected by the General Assembly and their term is similar to the duration of the Board of Directors and their terms of office are renewable. And concerning the loss of membership, it is applied the terms of office code of Articles 32 and 33, 34, 35 and 45 of this Decree.

As for their resignation, it is presented to the Department of cooperation that should inform the Board of Directors; and call the General Assembly to elect a replacement for them.

Article 50

The members of the Oversight Committee Elects a President as soon as they are elected by the General Public On the same day. Decisions are take with an absolute majority vote of its members and the record of these decisions and minutes of meetings are maintained in a special register in the status of the cooperative and signed by the members.

Article 51

the Oversight Committee should to meet at least once every six months and carry out the following:

- 1 –Access to the decisions of the Governing Council and the General Public and instructions from the Department of cooperation.
- 2 –Access to books, records and documents belonging to the cooperative and a statement of inventory property.
- 3 - Access to the accounts, budgets and reports drawn up question.
- 4 - Request a separation of one or more members of the Governing Council or the Committee on Oversight, as appropriate.
- 5 - To invite the Governing Council to convene on an exceptional basis.
- 6 - A prior ratification of the contracts between the cooperative and a member of the Board of Directors, and each contract that is not associated with the ratification of this provision is void.
- 7 - Establishment of the allegations against members of the Governing Council in

accordance with the decisions of the General Assembly.

Article 52

1 - the Oversight Committee make an annual report on the outcome of its work to implement the code of the preceding article and to explain all the observations and suggestions and send a copy to the Board of Directors before two days at least of the date of the meeting of the General Assembly.

2 - The report should read at the meeting of the called General Assembly for the ratification of the accounts and to discharge the members of the Board of Directors.

3- If the Oversight Committee neglected or declined its report preparation and give it to the Board of Directors, it shall inform the latter in the general assembly meeting to decide what it deems appropriate in terms of disregarding it or to assign another person on the preparation and submission at a later meeting.

Chapter III

General Assembly

Article 53

The composition of the general assembly, the type of meetings and call for the meeting:

The General Assembly is made up of all members who liberated the full value of shares at least one of which they have contributed in. it is the higher authority in the cooperative and its decisions are binding and applicable to all members, including absentees and the opposition, and delayed. The meetings are ordinary or not ordinary.

Article 54

1 - The Assembly is called to convene by the Board of Directors' decision either by itself or at the request of the Department of cooperation or the Oversight Committee, or one tenth of the associate members on the date of the invitation.

2 - If the Board of Directors refused or neglected the request for invitation within five days from the date of receipt, the cooperation management based on the part who called for invitation asks the General Assembly to convene and determine its agenda.

However, If the management of cooperation requested the meeting thus it has to decide automatically "in case of refusal or neglect of its decision during the period in question", call the General Assembly directly and set the date and place of meeting and agenda.

3 – The invitation must be in writing, accompanied by the agenda, the place of the meeting, date, and time.

Article 55

As amended in the text of Article 3 of Decree No. 230 Dated 21/6/1977:

1 - With regard to the regular meetings of the Assembly, members are invited by a notice of at least a month before the date fixed for the meeting, either with a letter and notice of arrival or wire or one-time publication in 2 local newspapers, and it is attached in the same term at the center of the cooperative. In cases of emergency that is specified

by the Governing Council or the General Directorate of Cooperatives, it can shorten this period to the extent that the course of not less than five days.

2 - With regard to the extraordinary general assembly, there should be invited at least a month notice before the date fixed for the meeting by an insured book with a notice of arrival or by the signature of all members on the invitation paper or by publishing twice in local newspapers. The time may not shorten of less than a month at all.

Article 56

The agenda of the General Assembly:

1 – The Management Council sets the agenda of the General Assembly. In cases where the request is from the Department of cooperation or auditors committee or one tenth of the members thus the content of the agenda referred to will be identified with the calling party of the meeting.

In cases where the General Assembly is called by the Department of cooperation in implementation of paragraph 2 of Article 54 of this Decree, the agenda is determined by the Department mentioned before with the agreement of who called for the meeting.

2 - In any case, any difference in determining the content of the agenda must be submitted to the Department of collaboration to determine the final decision and force it.

3 - It is not permissible for the General Assembly to discuss issues that are not included in its agenda.

Article 57

Registry of the General meeting and its administration:

1 - meetings are headed by the President of the Board of Directors of the General Assembly and in his absence the Vice-President and in the absence of both, one of the members of the Governing Council or the General Assembly chosen by the precedent at the start of the meeting.

2 - Assembly shall appoint two from its members to monitor the polls.

3 - The President of the Assembly and the 2 members auditors appoint a writer that could be of non-member to take over the work of the Secretariat. And the Registrar of the association consists of these four people.

Article 58

The right to vote in the General Assembly:

1 - Each member of the cooperative paid the full value of one share has the right to attend meetings of the General Assembly and has one vote regardless of the number of shares owned.

2 - Members should attend personally and cannot give an authorization to other to attend and vote, except women and moral persons who are entitled to legal representation under the assignment of an official authorization or a normal one with the signature of the Director or the president of the Board of Directors of the cooperative and ratified by him. And it is put with the minutes of the meeting.

3 - Sanctions can be taken reaching a dismissal from the cooperative for every member who has failed to attend meetings of the General Assembly without a legal excuse.

4 - The Governing Council has the right to invite people not affiliated to the Cooperative to attend meetings of the General Assembly without the right to participate in discussions

and vote.

5 - Members who attended must sign on a special register maintained in the status of the cooperative.

Article 59

Proceedings of the General Assembly:

1 – the Registry records the minutes of meetings of the General Assembly in a special register maintained in the status of the cooperative to each member be able to check if they are willing to do so.

2 - The minutes of the meetings are signed by the General Registry only.

3 - The Chairman of the management of cooperation shall give within ten days from the date of each meeting of the General Assembly, two copies of the minutes of meetings signed by him.

Article 60

The ordinary general assembly meetings and its powers:

1 – the General Assembly is called to meet at least once a year during the three months following the end of the fiscal year, and it can be called at any time to convene and decide any subject that falls within its competence.

2 –the authority of the ordinary general assembly is to decide on all issues and matters related to the cooperation except those within the authority of the extraordinary general assembly. And especially it should decide on the following matters:

A - the examination, correction and certification of accounts and budget and give members of the Board of Directors quittance for their actions after listening to the recitation of the reports of the Board of Directors, the Committee on Oversight, auditors and management of the cooperation when necessary.

B - Report and determine the value and percentage of the interest rate assigned to the members for their shares.

C - Determine the value of returns and how to distribute them to members.

D - To allocate the percentage of the value of the net surplus for the construction, social and cultural work.

E – Elect the board members, permanent members, members of the Oversight Committee as well as the dismissal decision and in accordance with the code of this decree.

F - Discuss and approve or amend the programs of action of the Board of Directors.

G - The codification of the lack of equity capital.

H - Decide and codify the increase in the equity capital.

I - decide how to use the compulsory reserve, and the approval of the composition of capital and the temporary admission of wills.

J - The determination of the conditions of barter and the purchase and sale of immovable cooperative funds and the creation of right for it.

K - Decide on appeals and objections submitted to it a challenge to any decision of the Board of Directors.

L – Differentiating in all other issues on its agenda and that does not fall within the competence of the extraordinary general assembly.

Article 61

Quorum and the majority of the ordinary general assembly:

- 1 - There is a quorum at the first meeting when half of the associate members of the cooperative attended on the date of invitation, and if this is not possible the meeting will be postponed for no later than fifteen days.
- 2 - There is a quorum at the second meeting with who attended of members or representative of members.
- 3 - Decisions are taken with relative majority of votes.
In the case of an equal vote, the voice of the meeting president is likely.
- 4 - The voting at the Assembly regular meetings is made by lifting hands, as for the election or dismissal of members of the Governing Council or the monitoring committee; the vote is made by secret ballot.
- 5 - With regard to the election of board members and members of the Oversight Committee, the winner candidate is who obtains the largest number of votes, which is the relative majority. In the case of a tie vote; the winner is the oldest candidate.

Article 62

The powers of the extraordinary general assembly:

The authority of the extraordinary general assembly is to decide the following matters:

- 1 – Make amendments to the cooperative system.
- 2 - The affiliation of the cooperative association to cooperative unions.
- 3 –Increase the responsibility of members or the transfer of responsibility from being a limited liability to unlimited liability.
- 4 – Dissolution of the association for the reasons listed in the law.
- 5 - Extend the duration of the cooperative.

It must always be attached to the call of the meeting if it was to discuss amendments to the cooperative system, a draft of these amendments. If the meeting was to discuss other things then it must be attached to the invitation all the rationale reasons and the clarification required.

Article 63

Quorum and the majority of the extraordinary general assembly:

Except cases provided for in the Cooperative Association Act:

- 1 - there is a quorum at the first meeting when three quarters of the members registered at the cooperative attended at the date of the invitation.
- 2 - If there is no quorum in the first meeting called by the General Assembly, the second meeting should be in two weeks from the first and there is a quorum at the meeting when attended by half the number of associate members of the cooperative, on the date of invitation.
- 3 - If there is no quorum at the second meeting, the Board of Directors is entitled with the consent of the management of cooperation, to call for a written consultation of the members concerning the topics under discussion. If the subject had the written consent of half of the members plus one thus it is acceptable, if not it is considered rejected.

Article 64

decisions at the extraordinary general assembly are taken with a majority of three fourths of the members present.
In the absence of these the majority, the Board of Directors with the consent of the management of cooperation, are entitled to applying the code of paragraph 3 of Article 63 above.

Chapter IV

The division of the General Assembly to teams

Article 65

1 - when the cooperative has more than one hundred members, the Governing Council may decide to divide the members into multiple teams.
2 - The Board of Directors put a system for the teams; it is effective only with the consent of the management of cooperation. It sets out the team conduct and work flow, the votes and decisions, as well as their representation in the General Assembly and the calculation of votes.

Chapter V

Lending and borrowing in the associations.

Article 66

the National Union of Credit Cooperative Identifies the conditions and public and private assets for lending and borrowing in accordance with the code of its law and regulations and its basic systems and Interior.

Article 67

The credit cooperatives should adhere to the instructions of the National Union for the credit cooperative and the conditions determined by the lending and borrowing, and all the rules and fundamentals of savings and credit cooperative.

Article 68

the system of cooperative Determines savings and loans, loan types, terms, conditions and method of giving it, as well as technical guidance and the control exercised towards the borrower. All these are in accordance with the regulations and instructions issued by the National Federation of Credit Cooperative and the Department of Cooperation.

Chapter VI

Cooperative unions

Article 69

cooperative association and cooperative regional unions work under a system prepared by the cooperation Department.

Article 70

Subject to the code of Articles 62 and 63 of the draft Law on Cooperative Association put into implementation in Decree No. 17199 Dated 18/8/1964, the code of this Decree is applied on the association and regional cooperative unions.

Title VII

The cooperative Register.

Article 71

The cooperative Management has a special register to record cooperatives and their unions, it is called "the cooperative register" and divided into two registers:

1 - Register No. 1 where it is recorded by a serial number the cooperative associations of different types and purposes.

2 - Register No. 2 and it is recorded by a serial number the united associations and cooperative unions of different types and purposes.

Article 72

The cooperative register referred to it above and the contents and information to be included are organized by the decision of the Minister of Agriculture based on the proposal of the management of cooperation.

Article 73

the Cooperation management should re-register the cooperative associations, united association and cooperative unions in the new register and give them a new registration number instead of the old figures.

Chapter VIII

General code

Article 74

To the Cooperative established before the issuance of this decree should initiate within a year from the date of enforcement to adjust their systems in line with this code.

Article 75

the decree No. 3401 Dated 11/12/1965 is repealed.

Article 76

This Decree shall be published and shall immediately be active after its publication.

Baabda, 17 March 1972
Signature: Sleiman Franjieh

Issued by the president
The prime minister
Saeb Salam.

The minister of Agriculture representative
Kamal Khoury