

SUBSIDIARY LEGISLATION**CO-OPERATIVE SOCIETIES REGULATIONS****ARRANGEMENT OF REGULATIONS**

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SUBSIDIARY LEGISLATION

CO-OPERATIVE SOCIETIES REGULATIONS

24/1950.
[43/1986
12/1990].

deemed to be made under section 72

[13th November 1950]

Commencement.

1. These Regulations may be cited as the –

Short title.

CO-OPERATIVE SOCIETIES REGULATIONS.

2. (1) The Registrar shall keep or cause to be kept at his office a register to be called “the register of societies” wherein shall be entered particulars relating to the registration of societies and their Rules.

Registrar of societies.

(2) All original entries in the register of societies shall be made by, or under the direction of, the Registrar and shall be signed by him.

(3) Every alteration, interlineation or erasure in the register of societies shall be initialled by the Registrar.

(4) The register of societies shall be open to inspection by the public at all reasonable times and free of charge.

3. (1) Every application for the registration of a society shall be submitted to the Registrar in the form prescribed by him.

Applications for registration of societies.

(2) Three copies of the Rules which the society proposes to adopt shall be submitted together with the application.

4. (1) Where the Registrar decides to register a proposed society the society and its Rules shall be registered in the register of societies.

Registration.

(2) Upon the registration of a society the Registrar shall forward to the society, free of charge –

(a) a certificate of registration;

(b) a copy of the Rules of the society as approved by him and certified under his hand as having been approved by him;

(c) a copy of the Act and of the Regulations.

(3) When the Registrar refuses to register a society or its Rules he shall record in writing his reasons for doing so.

Register of members and books and accounts.

5. (1) Every registered society shall keep a register to be called “the register of members” wherein shall be entered –

- (a) the name, address and occupation of each member and a statement of the shares, if any, held by him;
- (b) the date on which each member’s name was entered in the register;
- (c) the date on which any member ceased to be a member; and
- (d) the nominee, if any, appointed under regulation 12.

(2) Every registered society shall keep such accounts and shall use such books as may from time to time be prescribed by the Registrar.

Admission of members.

6. The election and admission of members to a registered society, other than original members, shall be in such manner and on such conditions as the Rules shall prescribe.

Withdrawals of membership.

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

Expulsion of members.

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

Loss of qualification for membership.

9. Any member who loses any of the qualifications for membership prescribed by the Act or the Regulations or the Rules shall cease to be a member of the registered society and the committee shall cause his name to be struck off the register of members without prejudice to any liabilities of that member under section 31(1) of the Act.

Liability of society on the withdrawal, etc., of members.

10. In the case of any registered society of limited liability holding deposits or loans from its members, any member withdrawing, removed or expelled therefrom shall be entitled to a repayment of any money paid by him towards the purchase of shares.

Limitation as to membership

11. No registered society shall fix any limit to the number of its members

12. (1) (a) A member of a registered society may direct the secretary of the society to transfer his share or interest to a person nominated by him or to register a charge on his share or interest in favour of such nominee. Transfer or charge of share or interest.
[12 of 1990].

(b) In the case of a deceased member, a direction may be made under paragraph (a) by his personal representative.

(c) A direction under subregulation (1) shall be made in writing signed by the member or his executor in the presence of two attesting witnesses.

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

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

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

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

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

13. (1) Unless otherwise authorised by the Minister no dividend or payment on account of profits shall be made by a society registered with unlimited liability until the reserve fund has reached a proportion of not less than one-tenth of the society's total liabilities. Division of profits.

(2) No registered society shall pay a dividend if the rate of interest on loans granted by it to its members exceeds ten per cent per annum.

(3) No registered society shall pay a dividend on share capital exceeding five per cent per annum on the capital actually paid up.

(4) A bonus based on wages or on the value of the products of a member, or a bonus or rebate on patronage calculated in proportion to the amount of the business done by each member with the registered society may be distributed periodically to the members from surplus funds after the deduction of all expenditure and after making provision for bad and doubtful debts and making allocation to the reserve fund.

Maximum liability.

14. (1) Every registered society shall, from time to time, fix at a general meeting the maximum liability it may incur in loans or deposits whether from members or non-members.

(2) The maximum so fixed shall be subject to the sanction of the Registrar, who may at any time reduce it. No registered society shall receive loans or deposits, which will make its liability exceed the limit sanctioned by the Registrar.

General meeting.

15. The supreme authority in a registered society shall be vested in the general meeting of members at which every member has a right to attend and vote on all questions. Subject to section 28 of the Act, each member shall have one vote only which shall be exercised in person and not by proxy.

Powers of first meeting.

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

Annual general meeting.

17. The annual general meeting of members shall be convened by the committee as soon as the report on the audit of the accounts of the registered society by the Registrar or person authorised by him is received by the committee. At least eight days' notice shall be given before any such general meeting is held; but the Registrar may at any time after the audit of the accounts has been completed convene the annual general meeting which shall proceed as if it had been convened by the committee.

Functions of annual general meeting.

18. The functions of the annual general meeting shall be

- (a) to confirm the minutes of the previous annual meeting and of any intervening special general meeting;
- (b) to consider the reports of the committee and the balance sheet together with the report on the audit of the accounts of

the registered society for the previous year as prepared by the Registrar or the person authorised by him;

- (c) to approve the accounts or if the accounts are not approved to cause the secretary to notify the Registrar who shall consider the matter and make his decision thereon, and the decision as to the correctness of the accounts shall be final and conclusive;
- (d) to hear and decide upon any complaints brought by members aggrieved by a decision of the committee, provided that notice of the complaints to be brought before the meeting has been given to the secretary at least two days prior to the meeting;
- (e) to elect officers in the place of retiring officers; and
- (f) to transact any other general business of the registered society.

19. A special general meeting of members may be convened at any time by the committee; and on receipt of a demand stating the object of the proposed meeting signed by not less than one-fifth of the members of the registered society, if the society is composed of less than one hundred members, or by twenty-five members if the society consists of more than one hundred members, it shall be the duty of the chairman of the committee to convene such a meeting giving eight days' notice. If the chairman of the committee fails to convene a meeting within fourteen days from the receipt of a demand as aforesaid the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the chairman of the committee to convene the meeting demanded; but the Registrar or a person authorised by him may at any time summon a special general meeting of the registered society in such manner and at such time and place as he may direct. He may also direct what matters shall be discussed at the meeting. The meeting shall have all the powers of a meeting called according to the Regulations.

Special general meeting.

20. (1) For the purposes of the annual or special general meeting –

Quorum at general meetings. [43/1986].

- (a) when a registered society consists of not more than forty members, one-half of the number of members or ten members whichever is the lesser shall form a quorum;

- (b) when a registered society consists of more than forty members but not more than five hundred members, one-fourth of the number of members or fifty whichever is the lesser shall form a quorum;
- (c) when a registered society consists of more than five hundred members but not more than one thousand members, one hundred members shall form a quorum;
- (d) when a registered society consists of more than one thousand members the quorum shall be one hundred members plus the addition of ten members for every additional one thousand members or part thereof up to a maximum of two hundred.

(2) Registered societies drawing membership on an islandwide basis shall provide for the election of district delegates notwithstanding the provisions of subregulation (1)(a), (b), (c) and (d).

(3) Where the Rules of a registered society provide for the election of district delegates, the quorum for the purposes of the annual or a special general meeting shall be one-half the number of delegates coming from one-half the number of districts.

(4) In the case of a registered society which includes other registered societies among its members, notwithstanding the provisions of subregulations (1), (2) and (3), the number of members as may be prescribed in the Rules of that society shall form a quorum.

(5) If within one hour after the time fixed for any meeting, other than a meeting convened by the Commissioner, the members present are not sufficient to form a quorum such a meeting shall be deemed dissolved if convened on the demand of the members; in all other cases it shall stand adjourned to a date not later than fourteen days and not earlier than seven days from the date of the adjourned meeting as the Board may decide, and notice to that effect shall be given within three days of the adjournment.

(6) If at an adjourned meeting, a quorum is not present within half an hour from the time appointed for the meeting, the members present shall form a quorum.

Chairman of
general meetings.

21. (1) The chairman of the committee or in his absence any other person elected by a majority of those present shall preside at the annual or special general meeting; but the Registrar or a person appointed by him shall preside at any meeting convened by himself or on his demand.

(2) The secretary or in his absence any other person nominated in writing by the chairman shall act as secretary at the meeting. The chairman, if necessary, may nominate other officers to assist at the meeting.

(3) The chairman may by the decision of the meeting adjourn the meeting from time to time and from place to place, but no business shall be transacted at any meeting so adjourned other than the business left unfinished at the meeting from which the adjournment took place.

(4) The chairman shall have the right to order the closure of a discussion and put the matter to the vote.

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

Voting at general meetings.

23. (1) At any meeting a resolution put to the vote shall be decided on a show of hands unless voting by call of names or a ballot is demanded by at least five of the members present before the declaration of the result of the show of hands, and in such case voting by call of names or a ballot shall be taken, as the case may be.

Voting for resolutions.

(2) The chairman shall have an ordinary vote and in case of an equality of votes shall be entitled to a casting vote. In the case of a meeting convened by the Registrar and presided over by him or his representative, he or his representative shall not be entitled to vote except on an equality of votes, in which case they shall have a casting vote.

(3) In respect of every resolution put to the vote the chairman shall declare whether it has been carried or lost, and whether on a show of hands or unanimously or by a particular majority, and an entry to that effect in the minute book shall be conclusive evidence of anything therein contained.

24. Minutes of the meetings shall be entered in the minute book and signed by the chairman and secretary and shall contain –

Minutes of general meetings.

- (a) the number and names of the members present at the meeting and the name of the chairman or of the person who presided at the meeting;
- (b) the time fixed for the meeting and the time the meeting commenced;

- (c) the total number of members on the date on which the meeting was held; and
- (d) all resolutions passed or decisions made at the meeting.

Elections of committee.

25. (1) At the first general meeting of the registered society a bare majority of the members constituting the committee shall be elected for a term of two years and the others for a term of one year. Thereafter, the term of office for members of the committee shall be for two years. Members shall hold office until their successors shall be elected and entered upon the discharge of their duties. Retiring members of the committee shall be eligible for re-election. Any casual vacancy in the interim may be filled by the members of the committee, but the person so elected or appointed shall hold office only until the next annual general meeting. The Registrar may convene a special general meeting for the election of a new committee to fill vacancies without reasonable cause or through undue delay; but a special general meeting convened for the purpose by or on the demand of the Registrar may remove the committee or any members thereof before the expiration of their period of office by majority of three-fourths of the members present, who shall proceed at the same meeting to the election of others in their stead who shall hold office until the election of a new committee by the next general meeting convened for this purpose by the Registrar.

(2) The committee shall consist of not more than ten members and not less than seven, five of which shall constitute a quorum.

Chairman of committee.

26. The committee shall elect its own chairman, who shall have an ordinary vote and on an equality of votes shall be entitled to a casting vote. In the temporary absence of the chairman, the committee shall elect one of its members to perform his duties.

Duties of committee.

27. (1) The committee shall represent the registered society before all competent public authorities and in all dealings and transactions with third persons, with power to institute or defend suits brought in the name of or against the society, and in general it shall carry out such duties in the management of the affairs of the registered society as have not been specially assigned by the Regulations or the Rules to general meetings or to any other officer of the society.

(2) The committee shall always keep a copy of the latest annual balance sheet of the registered society together with the report referred to in regulation 17, hung in a conspicuous place at the registered office of the society.

28. The committee shall meet as often as the business of the registered society may require and in any case not less frequently than once a month. Meetings of the committee shall be summoned by the secretary in writing.

Meetings of committee.

29. At each committee meeting the secretary shall –

Procedure at meetings of committee.

- (a) read the minutes of the preceding meeting;
- (b) produce the cash book, detail the entries of receipts and payments made therein since the last meeting and with the treasurer produce the cash in their possession for verification by the committee with the cash book;
- (c) produce a statement showing the loans due and unpaid for determination by the committee as to the action to be taken in each case;
- (d) produce applications for loans, if any, for determination by the committee in accordance with the priority of receipt; and
- (e) submit any other business for consideration by the committee.

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

Minutes of meetings of committee.

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

31. Any member of the committee who, without due excuse approved by the committee, fails to attend at three consecutive meetings of the committee over a period of three months or more shall be deemed to have vacated his office which shall thereupon be filled as provided by regulation 32.

Failure to attend meetings of committee.

32. (1) Vacancies occurring on the committee shall be filled within eight days by the election of substitutes elected by the remaining

Vacancies on committee.

members of the committee; but when the election does not take place the Registrar may appoint the required substitutes.

(2) Any substitutes elected or appointed under subregulation (1) shall hold office only until the next annual general meeting.

Borrowing powers.

33. The committee may borrow money on behalf of the registered society to an amount not exceeding such total amount as may have been fixed in accordance with regulation 14.

Banking account.

34. The committee may, subject to the approval of the Registrar, open a banking account. All cheques shall be signed by one member of the committee and the secretary.

Employees.

35. (1) The committee may –

- (a) appoint such clerks or employees as it considers necessary; and
- (b) fix the salary, wages or remuneration of every such clerk or employee.

(2) Every clerk or employee appointed under this regulation shall hold office during the pleasure of the committee.

Application for a loan.

36. Members who desire to obtain a loan shall submit an application to the committee stating the amount and the purpose for which the loan is required, the term for which it is asked, whether it is desired to repay it by instalments, and the names of the proposed sureties or any other security which is offered.

Sanction of loan.

37. (1) The committee shall consider at a meeting every application for a loan and if the committee is satisfied with the trustworthiness of the applicant, the sufficiency of the security offered and the prospects of advantage to the borrower, in the way of increased production or economy or otherwise, it may sanction the loan.

(2) No person other than members of the committee and the secretary and the Registrar and his staff shall be present at any meeting of the committee when an application for a loan is under consideration. A member of the committee who applies for a loan or who is proposed as surety for a loan must withdraw while the relevant application is being discussed. If there is a difference of opinion concerning the granting of a loan, the voting shall be taken by ballot. The proceedings with regard

to loans at committee meetings shall be kept secret, and any member of the committee or officer of the registered society infringing this regulation shall be liable to immediate expulsion or dismissal.

38. Loans, when approved by the committee, shall be granted to members who are able to obtain two sureties approved by the committee, or who can give other security to the satisfaction of the committee.

Security for loans.

39. (1) No loan shall be made except for a purpose to be approved in each case by the committee.

Purposes of loans.

(2) All loans made shall be applied by the borrowing members to such purpose as the committee has approved.

40. When a loan is sanctioned by the committee a notice shall be sent to the borrower to that effect, and, before the amount is advanced, the borrower and his sureties shall execute an instrument in writing setting out the terms of repayment of the loan and containing such other terms and conditions as the committee may consider necessary.

Documents relating to loans.

41. Where a member –

(a) is in default in the payment of a loan or of an instalment of a loan; and

(b) does not satisfy the committee that the default is due to a good cause,

Restrictions on loans to defaulters.

the member shall not be entitled to receive another loan from the registered society.

42. If by reason of sickness or some other cause, a member finds that he will be unable to discharge his obligations to the registered society and notifies the secretary in writing before a loan is due, the committee may extend the time fixed for payment on such conditions as it thinks fit.

Extensions of loans.

43. Where the committee is satisfied that a member of the registered society who has obtained a loan has applied the proceeds thereof to a purpose other than the purpose which is stated in the application therefor under regulation 37, the committee may, by notice in writing to the debtor, demand payment of the loan before the agreed date of payment.

Misapplication of

Recovery of
loans.

44. Where --

- (a) a loan or an instalment of a loan has not been paid on the date on which it became due; and
- (b) no extension for the payment thereof has been given to the debtor by the committee under regulation 42,

the committee shall take steps for the recovery of the same by referring the matter to the Registrar as prescribed in section 64 of the Act.

Marketing.

45. (1) Every member of the society shall deliver at such place as the committee shall direct such amount of articles produced or obtained by him as may be prescribed in the Rules or in the relevant contract to be disposed of by the society.

(2) Any member who is proved or adjudged in accordance with the provisions of section 64 of the Act to be guilty of a breach of the Rules or the relevant contract, as the case may be, shall pay to the society as liquidated damages such sum as may be specifically assessed or ascertained in manner prescribed by the Rules or by the relevant contract and such sum shall be deemed to be a debt due to the society.

Bad debts.

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

Preparation of
annual accounts
and report.

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

- (a) cause the secretary to prepare and send to the Registrar the yearly balance sheet closed on 31st December of the preceding year together with a detailed statement of the profit and loss account; and
- (b) prepare a report on the year's working of the registered society to be presented to the annual general meeting.

Transfer of
shares.

48. (1) Any share may be transferred with the approval of the committee to any other member at the option of the transferor, but if the transferee is not a member, he must be approved of as a member by the committee, or the general meeting according to the Rules relating to the admission of members before the transfer can be registered; and if the Rules require a member to hold more than one share, the transferee must acquire by the transfer, or by the transfer and allotment, the number so required to be held before the transfer can be registered.

(2) Special transfer forms shall be provided by the Registrar.

(3) No transfer of a share shall be valid and effective unless and until the transfer has been registered by the secretary on the direction of the committee.

(4) No transfer of a share shall be registered if made by a member indebted to the registered society without special order of the committee, and until the transfer of a share is registered no right shall be acquired against the registered society by the transferee, nor shall any claim of the registered society upon the transferor be affected thereby.

49. The committee may in default of payment by any member indebted to the registered society to an amount not less than three-fourths of the sum paid up for the time being on any transferable share held by him, sell, transfer and register in the books of the registered society the share to any person entitled to hold the same under the Regulations or Rules for the best price obtainable therefor, and apply the proceeds in or towards the discharge of the debt so due and of any expense incurred in or about the same, paying over the balance (if any) to the member, without being responsible for any loss occasioned thereby, and the defaulting member shall cease to have any further claim in respect of the share.

Sales of shares of members in default.

50. (1) The committee shall appoint a secretary and, unless the person so appointed is a member of the committee, shall have power to fix the remuneration for his services.

Secretary.

(2) The secretary, if a member of the committee, shall be unpaid.

(3) In the event of failure on the part of the committee to appoint a secretary, the Registrar shall appoint a secretary and, unless the person so appointed is a member of the committee, the Registrar shall fix his remuneration. Every appointment made by the Registrar under this subregulation shall be valid and effective, and every remuneration fixed by the Registrar shall be payable and recoverable, as if made or fixed by the committee.

(4) The secretary shall occupy his office until his services are determined by one month's notice in writing given by the committee.

(5) The secretary may resign his office by giving one month's notice to the committee in writing.

(6) On the occurrence of a vacancy in the office of the secretary, this regulation shall apply *mutatis mutandis* to the filling of the vacancy.

Payment of
secretary.

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

Security by
secretary.

52. (1) The secretary may be required to give security in such amount as the committee may determine.

(2) Every such security and the amount thereof shall be subject to the approval of the Registrar to be signified in writing to the committee.

Suspension of
secretary.

53. (1) The committee may at any time suspend the secretary for any irregularity in the performance of his duties.

(2) The suspension shall be reported forthwith to the Registrar who shall approve or disallow the same and shall communicate his decision to the secretary and the committee in writing, and on notification of his approval of the suspension the services of the secretary shall be determined without further notice.

(3) In the event of the suspension of the secretary the committee shall forthwith appoint a substitute to hold office during the period of the suspension and shall report the name of the substitute to the Registrar.

Temporary
absence of
secretary.

54. (1) The secretary shall not absent himself from duty save with the permission of the committee previously obtained.

(2) During the absence of the secretary, the committee shall appoint a temporary secretary and shall report the appointment to the Registrar.

(3) In case the secretary desires to be absent from duty for more than one month at any one time, the committee shall, before granting permission for the absence, obtain the previous approval of the Registrar therefor.

Duties of
secretary.

55. The duties of the secretary shall be –

(a) to attend all meetings of the registered society and of the committee and to carry out all the instructions of the committee;

(b) to be present at the office during the hours of business as fixed from time to time by the committee.

- (c) to record the whole of the transactions of the registered society in the books provided for that purpose; to conduct correspondence on behalf of the registered society; to prepare the annual statement of accounts and balance sheet; and to have charge of the documents, books and vouchers for payments and receipts on behalf of the registered society;
- (d) to receive all applications for loans and bring the same before the committee; to prepare receipts and other documents in the form prescribed for signature by borrowers prior to their taking the loans sanctioned; and with the authority of the committee to supply information about the registered society which may be applied for by members;
- (e) to receive all moneys due or payable to the registered society and issue receipts to the payer for same from a counterfoil receipt book supplied to the registered society for the purpose by the Registrar, obtaining at the same time the signature of the person making the payment on the counterfoil;
- (f) to deposit with the treasurer from moneys collected by him on behalf of the registered society all sums in excess of an amount to be fixed from time to time by the committee and to obtain from him a receipt on a form to be taken from the prescribed counterfoil book;
- (g) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys; and to produce at all times when called upon to the committee, or the Registrar or any person authorised by him, all moneys in his hands belonging to the registered society;
- (h) to make payments as authorised by the committee, obtaining the payee's signature on the payment book prescribed by the Registrar; but if the payment is made outside the registered society's office the secretary shall, in every instance, obtain from the payee a manuscript receipt and attach it to a separate page of the payment book;
- (i) to issue a receipt on a form to be taken from the prescribed counterfoil book when receiving moneys from the treasurer.

- (j) to summon meetings as provided in the Rules; and
- (k) to perform such other duties as may be authorised by the committee.

Treasurer. **56.** The committee shall appoint one of the members of the committee, not being the chairman, to be the treasurer.

Security by treasurer. **57.** The treasurer may be required to give security for such amount as may be determined by, and to the satisfaction of, the committee.

Duties of treasurer. **58.** The duties of the treasurer shall be –

- (a) to receive from the secretary as provided in regulation 55(f) moneys collected by the latter on behalf of the registered society, furnishing him with a receipt on a form taken from the counterfoil book supplied for the purpose by the Registrar and obtaining at the same time the signature of the secretary on the counterfoil;
- (b) to advance money to the secretary for payments and obtain from him a receipt from the prescribed counterfoil book;
- (c) to place to the account of the registered society in such bank as may be approved by the Registrar any amount in his hands in excess of the amount fixed from time to time by the committee;
- (d) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys; and to produce at all times when called upon to the committee, the Registrar or any person authorised by him, all moneys in his hands belonging to the registered society; and
- (e) to keep a record on the prescribed form of all moneys received by him from the secretary and of all moneys paid to the secretary.

Unfit officers. **59.** If in any society, in the opinion of the Registrar, any member of the committee or other officer is unfit for the discharge of his duties, the society shall on the requirement of the Registrar dismiss him.

Reserve fund. **60.** (1) The reserve fund of a registered society, created in pursuance of the provisions of section 38 of the Act, may, with the sanction of the Registrar –

- (a) be utilised in the business of the registered society; or
- (b) be applied to meet occasional deficiencies by the registered society.

(2) In sanctioning the utilisation or application of the reserve fund under subregulation (1), the Registrar may impose such terms and conditions as he may think fit.

61. In pursuance of section 43 of the Act the accounts of every registered society shall be audited once at least in every year by some person authorised by the Registrar. The person so authorised shall have access to all the books and accounts of the registered society and shall examine every balance sheet and annual return of the receipts and expenditure, funds and effects of the registered society, and shall verify the same with the accounts and vouchers relating thereto, and shall either sign the same as found by him to be correct, duly vouched and in accordance with the Act, and shall report to the Registrar accordingly, or shall specially report to the Registrar in what respects he finds the same incorrect, unvouched or not in accordance with the Act. The Registrar shall thereupon forward the report of the person so authorised to the committee.

Audit of accounts.

62. (1) There shall be constituted a fund to be known as the Audit and Supervision Fund and every registered society shall, when called upon to do so by the Registrar, make annually a contribution to such Fund.

Audit and Supervision Fund.

(2) Until such time as a society has been established and registered for the purposes of supervision and audit, the contributions shall be held by the Registrar and administered by him on behalf of the contributing registered societies.

(3) So long as the Registrar administers the Fund on behalf of the contributing registered societies, he shall report in every year to the Government in respect of the income derived from contributions, the expenditure he has sanctioned from the Fund and the balance in his hands.

~~(4) As soon as a society for supervision and audit has been established and registered, the Fund shall be credited to the society and shall be utilised by the society in accordance with its objects and Rules.~~

(5) Until a society for supervision and audit has been established and registered, the Registrar shall fix the amount of the annual

contribution to the Fund of every registered society called upon to contribute to the Fund. The amount of every such annual contribution shall be subject to a maximum of either ten per cent on the net annual profits of the registered society or of one per cent of the working capital of the registered society, and shall not in any case be less than sixty dollars.

Rules.

63. (1) The Rules of a proposed society shall contain provision in respect of the following matters:

- (a) the name of the society;
- (b) the registered address of the society;
- (c) the objects for which the society was established;
- (d) the purposes to which the funds may be applied;
- (e) the qualifications for membership, the terms of admission of members, and the mode of election;
- (f) the nature and extent of the liability of members; and
- (g) the manner of raising funds, including the maximum rate of interest on deposits.

(2) If the objects of the proposed society include the creation of funds to be lent to the members, the proposed Rules shall, in addition, contain provision in respect of the following matters:

- (a) the occupation or residence of the members;
- (b) the conditions on which loans may be made to members, including –
 - (i) the rate of interest; and
 - (ii) the maximum amount which may be lent to a member; and
- (c) the consequences, if any, of default in the payment of any sum due on account of shares.

Amendment of
Rules.

64. (1) Where in pursuance of the provisions of section 11 of the ~~Act~~ by a resolution of the members of the registered society at a general meeting.

(2) Every resolution under subregulation (1) shall not be valid ~~and effective unless it was taken by a majority of not less than three-~~

fourths of the members present at the general meeting at which the resolution was proposed.

(3) A copy of a resolution under subregulation (1) shall be forwarded to the Registrar together with three copies of the amendment.

65. For the purposes of section 15 of the Act a copy of an entry in the book of a society may be certified by a certificate written at the foot of the copy, declaring that it is a true copy of the entry and that the book containing the entry is still in the custody of the society; the certificate being dated and signed by the secretary and one member of the committee. Copies of entries.

66. (1) Reference of a dispute to the Registrar for decision under section 53 of the Act may be made – Reference of a dispute to the Registrar for decision.

(a) by the committee; or

(b) by the registered society in pursuance of a resolution in that behalf taken in general meeting; or

(c) by any party to the dispute; or

(d) where the dispute concerns a member of the committee and the registered society, by any member of the registered society.

(2) Every reference under this regulation shall be made by a statement in writing addressed to the Registrar. The statement shall –

(a) be dated;

(b) specify the dispute;

(c) set out full particulars of the dispute; and

(d) be signed by the party making it.

67. (1) Where, in pursuance of the provisions of section 53(1)(ii) of the Act, the Registrar decides to refer a dispute to arbitration, the decision shall be embodied in an order of reference under his hand. Reference to arbitration by the Registrar.

(2) Every order of reference under this regulation shall –

(a) specify the name, surname, place of abode and occupation of the arbitrator or arbitrators;

(b) set out the dispute and full particulars thereof; and

- (c) limit the time within which the award shall be forwarded by the arbitrator or arbitrators to the Registrar; but on good cause shown to his satisfaction, the Registrar may by a further order enlarge the time whether before or after the time limited by the order of reference has expired.

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

(4) Where under subregulation (3) reference is made to three arbitrators, the following provisions shall have effect:

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

68. (1) The proceedings before the arbitrator or arbitrators shall, as nearly as possible, be conducted in the same way as proceedings before a court of law, and in particular the following provisions shall have effect in respect thereof:

- (a) notice of the time and place at which the proceedings are to be held shall be given to the parties to the dispute, and the notice shall be a ten days' notice;
- (b) a record of the evidence adduced before the arbitrator or arbitrators shall be made, dated and signed by the arbitrator or arbitrators;

- (c) documents produced as exhibits before the arbitrator or arbitrators shall be marked, dated and initialled by the arbitrator or arbitrators and shall be attached to the file of the proceedings; and
 - (d) in the absence of any party duly notified to attend, the dispute may be decided by the arbitrator or arbitrators *ex parte*.
- (2) The award of the arbitrator or arbitrators shall –
- (a) be in writing;
 - (b) be dated and signed by the arbitrator or arbitrators; and
 - (c) state the amount of the costs and expenses of the arbitration, if any, and by which party or parties to the dispute the same are to be paid.
- (3) Upon the completing of the proceedings, the arbitrator or arbitrators shall forward to the Registrar –
- (a) the file of the proceedings; and
 - (b) the award.

69. Where, in pursuance of the provisions of section 53 (1)(i) of the Act, the Registrar exercises the power of deciding a dispute himself, the proceedings before him in relation thereto shall, as nearly as possible, be conducted in the same way as proceedings before a court of law and regulation 67 shall apply *mutatis mutandis* to the proceedings.

Proceedings
before the
Registrar.

