

**ARRANGEMENT OF CLAUSES**

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GRENADA

**ACT NO. 20 OF 2017**

I assent,



CÉCILE E. F. LA GRENADE

*Governor-General.**29th September, 2017.*AN ACT to amend the Co-operative Societies Act CAP.  
66A.*[6th October, 2017].*

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Grenada, and by the authority of the same as follows—

1. This Act may be cited as the

Short title .

**CO-OPERATIVE SOCIETIES (AMENDMENT)**  
**ACT, 2017**

and shall be read and construed as one with the Co-operative Societies Act, Chapter 66A, hereinafter referred to as “the principal Act”.

2. Section 2 of the principal Act is amended as follows—

Amendment  
of section 2 of  
principal Act.

- (a) by repealing the definition of “associate” and substituting therefor the following new definition—

“ “associate” means—

- (a) any co-operative society which holds twenty per cent or more of a co-operative society’s shares in accordance with section 100; or
- (b) any co-operative society in which a co-operative society holds twenty per cent or more of shares, to which voting rights are attached;
- (c) any company or co-operative society, over which a co-operative society has control; or
- (d) any company or co-operative society, of which any of the persons referred to in paragraph (b), is a director, is a manager or has control;
- (e) a member of the Board or committee, an employee of a co-operative society, or a business partner;
- (f) a trust or estate in which that person has a substantial ben-

official interest or in respect of which he or she serves as a trustee in a similar capacity;

- (g) a spouse;
- (h) a child, whether born in or out of wedlock, a step-child or an adopted child;
- (i) a parent, including a step-parent or adoptive parent;
- (j) a sibling, including a step-sibling or adoptive sibling; or
- (k) any other relative of that person or of his or her spouse if that relative has the same place of residence of that person,

notwithstanding that at the relevant time, any of the persons in question, not being individuals, have not yet come into existence or have ceased to exist;”;

- (b) in the definition of “capital base”, by repealing paragraph (a) and substituting therefor the following new paragraph—

“(a) paid up capital, being equity shares paid up in cash, and invested as risk capital by members, which are redeemable only upon transfer to another member in accordance with this Act and the Regulations;”;

- (c) by repealing the definition of “equity shares” and substituting therefor the following new definition—

“ “equity shares” constitute the common stock or risk capital, including qualifying shares, purchased by members as their ownership stake in the safety, soundness and competitiveness of their co-operative society;”

- (d) by repealing the definition of “institutional capital” and substituting therefor the following new definition—

“ “institutional capital” means the aggregate of a co-operative society’s—

- (a) statutory reserves and other non-distributable general reserves not held for a specified purpose;
  - (b) earnings retained after distribution of surplus;
  - (c) qualifying shares; and
  - (d) such other funds which may be received by way of non-refundable donations for no specified purpose, which are not available for distribution;”;
- (e) by repealing the definition of “qualifying shares” and substituting therefor the following new definition—

“ “qualifying shares” means the mandatory, non-withdrawable minimum shares that form part of the institutional capital purchased by an approved applicant to be admitted, and to enjoy the full rights and privileges of admission, into membership of a co-operative society;”;

- (f) by inserting the following definitions in the appropriate alphabetical order—

“ “single man” includes a widower or a man who is divorced;”;

“ “single woman” includes a widow or a woman who is divorced;”;

“ “spouse” includes a single woman who was living together with a single man as his wife for a period not less than five years and a single man who was living together with a single woman as her husband for a period not less than five years;”.

**3.** Section 7 of the principal Act is amended in subsection (1) (b) (ii) by deleting the word “co-operate” and substituting therefor the word “co-operative”.

Amendment  
of section 7 of  
principal Act.

**4.** Section 8 of the principal Act is amended in subsection (1) as follows—

Amendment  
of section 8 of  
principal Act.

- (a) by deleting the “comma” at the end of paragraph (e) and substituting therefor a “full stop”;

(b) by repealing the post-amble.

Amendment of  
section 13 of  
principal Act.

**5.** Section 13 of the principal Act is amended in subsection (1) (a) as follows—

(a) by deleting the word “and” at the end of subparagraph (iv);

(b) by repealing subparagraph (v) and substituting therefor the following new subparagraph—

“(v) the minimum value of qualifying shares that shall be held by each member; and”;

(c) by inserting after subparagraph (v) the following new subparagraph—

“(vi) the value of other equity shares that may be held by each member.”.

Amendment of  
section 16 of  
principal Act.

**6.** Section 16 of the principal Act is amended as follows—

(a) in subsection (1), by inserting before the words “within three months” the words “subject to subsection (4)”;

(b) by inserting after subsection (3) the following new subsections—

“(4) A co-operative society shall, within one month of the date of the notice sent to it informing of the approval of the application, pay to the Registrar the registration fee prescribed by Regulations.

(5) An annual fee shall be paid to the Registrar as may be prescribed by Regulations.”.

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- 7.** Section 29 of the principal Act is amended by repealing subsection (2). Amendment of section 29 of principal Act.
- 8.** Section 31 of the principal Act is amended in subsection (2) by inserting in paragraph (d) the words “and where” before the words “the member appeals”. Amendment of section 31 of principal Act.
- 9.** Section 46 of the principal Act is amended in subsection (2) in paragraph (a) by deleting the word “to” after the words “in the opinion” and substituting therefor the word “of”. Amendment of section 46 of principal Act.
- 10.** Section 83 (3) of the principal Act is amended by deleting the words “In the case of married persons,” and capitalising the first letter of the word “the” appearing before the word “interest”. Amendment of section 83 of principal Act.
- 11.** Section 96 of the principal Act is amended by repealing subsection (1) and substituting therefor the following new subsection— Amendment of section 96 of principal Act.
- “(1) A co-operative society may sell equity shares to its members only, but these shares shall be redeemable in accordance with this Act and the Regulations, and the shares shall have a par value fixed by the bye-laws.”.
- 12.** Section 97 of the principal Act is amended as follows— Amendment of section 97 of principal Act.
- (a) in subsection (1) in paragraph (b) by deleting the words “an amount comprising”;
- (b) by repealing subsections (2) and (3).
- 13.** Section 102 of the principal Act is amended in subsection (6) by inserting the word “of” after the word “benefits”. Amendment of section 102 of principal Act.

Amendment of  
section 117 of  
principal Act.

**14.** Section 117 (1) of the principal Act is amended by inserting after the word “shares” the words “except qualifying shares.”.

Amendment of  
section 120 of  
principal Act.

**15.** Section 120 of the principal Act is amended as follows—

- (a) in subsection (2) in the chapeau, by inserting the word “statutory” before the word “reserve”;
- (b) by repealing subsection (3) and substituting therefor the following new subsection—

“(3) The value of individual investments referred to in paragraphs (d), (e), (f), (g) and (i) of subsections (2) shall not exceed, in aggregate, twenty-five per cent of the capital base of a credit union or such other percentages as may be prescribed by the Registrar from time to time.”.

Amendment of  
section 121 of  
principal Act.

**16.** Section 121 of the principal Act is amended by repealing subsections (4), (5) and (6) and substituting therefor the following new subsections—

“(4) A loan shall not be made to a director or committee member on any terms relating to interest rates, discounts or waivers or on any other terms more favourable than those offered to the general membership.

(5) A loan shall not be made by a credit union to a member or an associate, if the loan would cause the aggregate amount of loans to the member or

associate, to exceed twenty per cent of the capital base of the credit union.”.

**17.** The principal Act is amended by repealing section 125 and substituting therefor the following section—

Amendment of section 125 of principal Act.

“Allocation of surplus and capital adequacy.

125. (1) Where a co-operative society realises a surplus in a financial year, before it allocates among or credits to members the surplus, the directors—

- (a) shall use any part of the surplus that the co-operative society will require, to fund all or any part of a deficit it had previously incurred;
- (b) shall establish and maintain a reserve to be known as its statutory reserves; and
- (c) may provide, out of any surplus remaining after paragraphs (a) and (b) have been complied with, in the manner set out in its bye-laws, for payment out of the surplus, dividends on members’ equity shares.

(2) The statutory reserves required by subsection (1) (b) shall be part of the institutional capital of the co-operative society and may, subject to the approval of the Registrar, be used in the business of the co-operative society, including unforeseen losses, capital retention, financing of

non-earning assets, repairs and maintenance and the avoidance of external borrowing.

(3) A co-operative society shall ensure that at the end of the financial year in question, its institutional capital is not less than seven per cent of its total assets and that its capital base is not less than ten per cent of its total assets or such greater percentages as may be specified by the Registrar from time to time.

(4) For avoidance of doubt, the minimum ratios required by this section are to be determined solely by reference to the financial year in question and without regard to the current or any other year.

(5) If at the end of any financial year, the amount standing to institutional capital before any transfer under this section is less than seven per cent of total assets, the co-operative society shall transfer to statutory reserves for the year not less than thirty per cent of its surplus, or such other sum as may be required to increase the institutional capital to seven per cent of total assets.

(6) Where at the end of any financial year, the amount standing to institutional capital before any transfer under this section is more than seven per cent of total assets, the co-operative society may transfer a lesser sum to statutory reserves.

(7) The Registrar shall grant such period of time as the Registrar considers reasonable

to enable an existing co-operative society to make good any deficiency in the adequacy of its capital base.

(8) Subject to subsection (1) (b), a credit union shall not capitalise its statutory reserves by way of bonus shares, or distribute it by dividends.

(9) Notwithstanding subsection (5), upon the recommendation of the Board of a credit union, a majority of members present and voting at a general meeting may, by resolution, approve—

- (a) an increase in the allocation to its statutory reserves; or
- (b) a reduction in the allocation to its statutory reserves if at the end of the financial year in question, its institutional capital equals or exceeds seven per cent of its total assets.”

(10) The statutory reserves required by subsection (1) (b) may be invested in the manner permitted in section 120 (2) and shall be identifiable by the Registrar on demand.”.

**18.** Section 127 of the principal Act is amended in subsection (2) as follows—

Amendment of section 127 of principal Act.

- (a) by deleting the word “may” and substituting therefor the word “shall”;
- (b) by deleting the words “in the bye-laws” and substituting therefor the words “by the relevant law governing pensions.”.

Amendment of  
section 129 of  
principal Act.

**19.** Section 129 of the principal Act is amended as follows—

- (a) in subsection (2) by repealing paragraph (b);
- (b) by inserting after subsection (3) the following new subsection—

“(4) A co-operative society shall not declare, credit or pay any dividend, or make other transfer from surplus, if such declaration, credit, payment or transfer would result in its institutional capital being less than that required under section 125 (3).”.

Amendment of  
section 131 of  
principal Act.

**20.** Section 131 of the principal Act is amended in subsection (2) in paragraph (b) by deleting the words “and management letter” after the words “accompanied by an auditor’s report”.

Amendment of  
section 200 of  
principal Act.

**21.** Section 200 of the principal Act is amended as follows—

- (a) in subsection (1), by inserting the words “this Act or” before the words “the Regulations”;
- (b) in subsection (2), by deleting the words “a liquidity reserve” and substituting therefor the words “liquid form”;
- (c) by repealing subsections (3) and (4) and substituting therefor the following new subsection—

“(3) A credit union which fails to maintain the liquid assets required by this section may

be placed under receivership pursuant to Part X of this Act.”.

**22.** Section 201 of the principal Act is amended in subsection (2) by deleting the words “, in accordance with the standards prescribed by PEARLS,”.

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Passed by the House of Representatives this 1st day of September, 2017.

WILLAN A. THOMPSON  
*Clerk to the House of Representatives.*

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Passed by the Senate this 15th day of September, 2017.

WILLAN A. THOMPSON  
*Clerk to the Senate.*