

A landscape photograph featuring a vibrant green field in the foreground, a single tree on a distant hill, and several green leaves falling from the sky against a blue, cloudy background.

Act on Cooperatives

The Cooperative Societies Act

The Act was passed into law by the Norwegian Parliament
29 June 2007

Act on cooperatives (The Cooperatives Act)

Chapter 1. Introductory provisions

Section 1. *Scope of the Act*

(1) The Act applies to cooperatives.

(2) By a cooperative is meant a group whose main objective is to promote the economic interests of its members by the members taking part in the society as purchasers, suppliers or in some other similar way, when

1. the return, apart from a normal return on invested capital, is either left in the society or divided among the members on the basis of their share of the trade with the group, and
2. none of the members is personally liable for the group's debts, either in whole or for parts which together comprise the total debts.

(3) A cooperative also exists if the interests of the members as mentioned in subsection two are promoted through the members' trade with an enterprise which the cooperative owns alone or together with other cooperatives, including a secondary cooperative pursuant to section four, second subsection. The same applies if the interests of the members are promoted through the members' trade with an enterprise which the secondary cooperative owns alone. The King may in an individual decision in special cases state that a cooperative exists even if the interests of the members are promoted through the members' trade with groups other than those mentioned in this subsection.

(4) The Act does not apply to:

1. private limited companies
2. public limited companies
3. building associations
4. housing cooperatives
5. mutual insurance companies
6. subsidiary cooperatives

Section 2. *Opportunity to derogate from the Act*

The provisions of this Act may be derogated from when this is especially stipulated in the Act or follows from the context.

Section 3. *Limitations on liability, et seq*

(1) The members are not liable to the creditors for the cooperative's debts.

(2) The members are not obliged to contribute capital to the cooperative unless the individual member has agreed to this in writing when subscribing for membership or in a separate

agreement. Any duty to contribute capital must be limited either to a certain amount or in some other way. The requirement of agreement stated in the first sentence does not apply to a duty stipulated in the statutes to pay a membership contribution.

(3) The duty to contribute capital may only be made more stringent with the consent of the individual member or by an amendment to the statutes pursuant to section 54, second and third subsections of this Act.

Section 4. *Federations*

(1) A secondary cooperative and two or more primary cooperatives comprise a federation.

(2) A cooperative is a secondary cooperative if all the members are cooperatives or if the members that are cooperatives have a decisive influence over the society. Other cooperatives are primary cooperatives.

(3) A secondary cooperative that is a member of another secondary cooperative shall be counted as a primary cooperative in the legal relationship between these.

Section 5. *Group*

(1) A parent enterprise together with one or more subsidiaries comprises a group.

(2) A cooperative is a parent enterprise if, due to an agreement or statutes or as the owner of shares or units, it has decisive influence over another enterprise. A cooperative shall always be counted as having a decisive influence if it:

1. has so many shares or units in another enterprise that these represent the majority of the votes in the other enterprise, or
2. is entitled to appoint or dismiss the majority of the members of the board of the other enterprise.

(3) An enterprise that is related to a parent enterprise in the way stated in subsection two is a subsidiary. A cooperative pursuant to section one of this Act cannot be a subsidiary.

(4) When determining voting rights and rights to appoint or dismiss directors, rights which the parent enterprise and subsidiaries of the parent enterprise have must be included. The same applies to rights which belong to a party acting in its own name but for the account of the parent enterprise or subsidiary.

Section 6. *Electronic communication*

(1) Provided a member has expressly agreed to this, the enterprise may use electronic communication when it is to provide notification, warnings, information, documents and suchlike pursuant to this Act to its members, unless otherwise stated in this Act.

(2) When a member is to provide notification, etc, to the enterprise according to this Act, he or she may do so by using electronic communication to the e-mail address or in the way that the enterprise has stipulated for this purpose.

Section 7. *Determination of deadlines*

(1) Periods that are counted in weeks, months or years end on the day of the last week or the last month that, according to its name or number, is equivalent to the day when the period started. If the month does not have this number, the period ends on the last day of the month.

(2) Should a period in which action may take place end on a Saturday, public holiday or day that, pursuant to legislation, is stipulated to be equal to a public holiday, the period is to be extended to the next subsequent workday.

Chapter 2. Establishing a cooperative

Section 8. *Establishing the enterprise*

(1) A cooperative may be established by at least two persons and must always have at least two members. Should there be fewer members, the enterprise is to be dissolved.

(2) Both natural persons and legal entities may be founders of the society. Those who are not of legal age and capacity may not be founders.

(3) The founders are to date and sign a memorandum of incorporation. Once all the founders have signed the memorandum of incorporation, the membership has been subscribed for and the enterprise has been established.

Section 9. *Requirement as to the content of the memorandum of incorporation*

(1) The memorandum of incorporation shall contain statutes for the enterprise, cf section 10.

(2) The memorandum of incorporation shall also state:

1. the founders' names or business enterprise names, addresses and dates of birth or organisation numbers,
2. the names, addresses and dates of birth of those who are to be directors.

(3) If the founders are to contribute capital in connection with the establishment of the enterprise, the memorandum of incorporation shall also state:

1. the amount that each founder is to pay,
2. the total capital that the founders are to contribute,
3. the date when the capital is to be contributed.

If one or more of the founders are to settle a capital contribution in assets other than money, the memorandum of incorporation shall state the assets concerned, the name and address of the founder concerned and the terms that are to apply.

(4) The Ministry may prepare a standard memorandum of incorporation.

Section 10. *Statutes of a cooperative*

The statutes shall as a minimum contain provisions regarding:

1. the enterprise's name,
2. the municipality in Norway where the enterprise is to have its registered office,
3. the activities to be carried out by the enterprise,
4. the size of any membership contributions, whether interest is to be paid on these, and whether these are to be repaid if a member withdraws from the enterprise,
5. whether a membership fee is payable,
6. how the annual profit may be utilised, cf section 26,
7. the number of, or the lowest and highest number of, directors,
8. the issues that are to be discussed at the ordinary general meeting,
9. how the net assets are to be divided if the enterprise is dissolved.

Section 11. *Opening balance sheet*

(1) If one or more of the founders are to settle any capital contribution in assets other than money, the founders are to prepare, date and sign an opening balance sheet for the enterprise that is in accordance with Norwegian Act no. 56 of 17 July 1998 on annual accounts, et seq. Contributions of assets other than money shall be valued at their fair value on the opening balance sheet date, unless the contribution is to be transferred to capitalised assets pursuant to the rules of the Accounting Act.

(2) The date of the opening balance sheet must not be more than four weeks prior to the formation of the enterprise, cf section 8, third subsection. The opening balance sheet is to be attached to the memorandum of incorporation.

Section 12. *Notification of the enterprise to the Register of Business Enterprises*

(1) The enterprise shall be notified to the Register of Business Enterprises within three months of the memorandum of incorporation being signed.

(2) Before being notified to the Register of Business Enterprises, any capital to be contributed by the founders must be fully paid up. The notification to the Register of Business Enterprises shall state that the enterprise has received any capital contributions that are payable. A state-authorized or registered public accountant shall confirm that the capital to be contributed has been fully paid up. Should the capital be solely contributed in money, a financial institution may provide confirmation instead.

(3) Should the enterprise not be notified to the Register of Business Enterprises by the deadline, the enterprise cannot be registered. In such case, the enterprise has not been established and any capital contribution requirement is no longer binding. The same applies if registration is refused due to errors that cannot be rectified.

Section 13. *The effects of registration*

(1) Before being registered, the enterprise cannot acquire any rights or incur any liabilities to third parties other than those stipulated in the memorandum of incorporation or by law.

(2) Regarding liabilities incurred in the enterprise's name prior to registration and which the enterprise is not liable for pursuant to subsection one, those that have incurred the liability are personally and jointly and severally liable unless otherwise agreed on with creditors. Upon registration, the enterprise assumes these liabilities.

(3) Should an agreement have been entered into prior to registration that does not bind the enterprise pursuant to subsection one and the other party to the agreement knew that the enterprise was not registered, this party may cancel the agreement if the enterprise is not notified to the Register of Business Enterprises by the deadline stipulated in section 12, or if the notification is rejected by the deadline. If the party was unaware that the enterprise was not registered, the party may cancel the agreement until the enterprise is registered. The provisions stipulated in this subsection may be waived by agreement.

Chapter 3. Membership of a cooperative

Section 14. *Enrolment*

(1) Consumers, businesses and others that may have their economic interests safeguarded by a cooperative are entitled to become a member of the enterprise by enrolling in it. The enterprise may only refuse membership if there are reasonable grounds for doing so. The statutes may stipulate conditions governing becoming and remaining a member provided there are reasonable grounds for these.

(2) Enrolment shall take place by submitting an application to the enterprise. The board of directors decides on applications for membership. The board may delegate this authority to individual directors, the general manager or other persons and bodies in the enterprise. Enrolment may not take place during the period between the formation of the enterprise and the registration of the enterprise in the Register of Business Enterprises.

(3) The applicant is to be told of the outcome of his/her application as quickly as possible and at the latest two months after the date when the enterprise received the application. Should the applicant not have received notice within two months, the application is to be counted as having been accepted. In a secondary cooperative, the period allowed is six months. Should natural persons apply for membership of a secondary cooperative, the period allowed in relation to these is nonetheless two months. The statutes may stipulate shorter periods than those stated in this subsection.

(4) Should the applicant be allocated membership, entry in the membership register shall take place without undue delay. Once the member has been entered in the register, the enterprise shall notify the member of the time/date of the entry and of the information that is registered regarding the member. If that which is registered is changed, the member shall be notified of this, along with a statement of the changes that have been made.

Section 15. *Members' rights*

(1) Members of a cooperative have the following rights:

1. the right to be given notice of and attend the annual meeting, cf sections 46 and 36, cf section 37,
2. the right to raise issues at the annual meeting, cf section 47,
3. the right to vote at the annual meeting, cf section 38,
4. the right to be given available information by the management at the annual meeting, cf section 51,
5. the right to be sent the enterprise's annual accounts, annual report and auditor's report, cf section 41, subsection three,
6. the right to a share of the enterprise's profits, based on the member's trading with the enterprise, cf section 27,
7. other rights stipulated by law or in the statutes.

(2) A member cannot exercise the membership rights prior to the date when the member is entered in the membership register.

(3) Should membership be transferred, cf section 20, the party transferring the membership may exercise the membership rights until these have been transferred to the party acquiring the membership unless the statutes stipulate that the transferor's membership rights shall lapse prior to this date.

Section 16. *Members' duties*

(1) Members of a cooperative have the following duties:

1. the duty to pay any capital that is to be contributed,
2. the duty to comply with decisions lawfully made by one of the enterprise's bodies,
3. other duties stipulated by law or in the statutes.

(2) The member becomes liable to carry out his/her duties on the date when the member is entered in the membership register unless otherwise stipulated by law or in the statutes. The statutes may not stipulate that a member is to become liable to perform statutory duties at a later date than that stated in the first sentence.

(3) In the case of a transfer of membership, the transferor's duties as a member cease to apply on the date when the acquirer is entered in the membership register unless a later date is stipulated by law or in the statutes.

Section 17. *Principle of equality*

A cooperative shall treat all its members in the same way. Any differential treatment requires reasonable grounds.

Section 18. *Membership register*

(1) Once a cooperative has been established, the board shall ensure that a register of the enterprise's members is established without delay. The membership register is to be kept in a proper manner and may be in electronic form.

(2) Information on the member's name or company name, date of birth or organisation number and address is to be entered in the membership register. The members are to be entered alphabetically or in some other tidy manner. The register shall state the date when each member is registered.

(3) The register shall state the size of any membership contribution made by each member.

(4) The register is to be available to everyone in the enterprise. A member is entitled to be given a printout of the register with an overview of the information registered on the member concerned. The King may issue regulations governing the right to access according to the first sentence and may issue rules stating that the enterprise may demand payment for a printout from the membership register.

Section 19. *Joint membership*

(1) Two or more persons may have a joint membership. In such a case, they must nominate one of them to act in relation to the enterprise.

(2) When several persons share a membership, all are to be entered in the membership register, cf section 18, second and third subsections. It must be stated that each of them has a joint membership with others.

(3) The first subsection, first sentence may be waived in the statutes.

Section 20. *Transfer of membership*

(1) Membership of a cooperative cannot be transferred to a new member. However, membership that is linked to real property may be transferred to a new member together with the real property unless the statutes state otherwise.

(2) The statutes may stipulate that membership can be transferred to a new member with the consent of the board, general manager or other party. The party that has applied for consent shall receive notice of the decision as quickly as possible and at the latest two months from the date when the enterprise received the application. Should the applicant not have received notice within two months, consent shall be assumed to have been given. In a secondary cooperative, the period allowed is six months. Should a natural person have applied for consent to membership of a secondary cooperative, however, the period allowed is two months in relation to this person. The statutes may stipulate shorter periods than those stated in this subsection.

(3) The member is to be entered in the membership register as soon as it is clear that there is no obstacle to the acquisition. When the member is entered in the register, the enterprise is to give the member notification of the information that is registered regarding the member.

(4) The transfer of membership means that the transferor's combined rights and obligations relating to the enterprise are transferred to the acquirer. However, this does not apply to rights

and obligations that have arisen independently of the membership. Former members are still liable for their financial obligations to the enterprise unless otherwise stated in the statutes or in a separate agreement with the enterprise.

(5) Subsections one to four also apply if a member dies. In the case of a member's death, an application to take over the membership must be submitted within six months or the membership will lapse. Should the membership not be taken over, section 22, third subsection applies correspondingly. The second to fourth sentences in this subsection do not apply to membership that is linked to real property, apart from when the statutes stipulated that a transfer of membership is conditional on the enterprise's consent.

Section 21. *Creation of a charge on membership*

(1) A charge may be created on a membership of a cooperative to the same extent as the membership can be transferred, c section 20, first and second subsections. The statutes may contain other barriers to the creation of a charge.

(2) The charge achieves legal protection when the enterprise receives notice that a charge has been created. Section 1-4 of the Norwegian Mortgages Act does not apply to a charge on a membership that is given legal protection in this way. If the membership is linked to real property (cf section 2-2, first subsection, letter c of the Mortgages Act), the charge achieves legal protection when it is officially registered in the Norwegian Register of Land and Land Charges.

(3) When the enterprise receives notice that a charge has been created pursuant to subsection two, first sentence, the notice shall be entered in the membership register without delay, along with the date when it is entered. The register shall state the name and address of the chargee or, if this is a legal entity, the name of the firm, organisation number and address. Should the chargee so request, the enterprise must issue a statement confirming that the charge has been entered in the register.

(4) In the case of the compulsory sale of the membership, the rules governing a transfer of membership stipulated in this chapter are to apply.

Section 22. *Withdrawal*

(1) Members may terminate their membership by giving written notice to the enterprise. If the membership expires on a specific date, the member does not need to give notice to the enterprise of the termination of the membership.

(2) The statutes may stipulate a withdrawal date which cannot be more than three months after the date when the enterprise received the notice of withdrawal. In a secondary cooperative, the withdrawal date cannot be more than 12 months after the date when the enterprise received the notice of withdrawal. If a secondary cooperative has natural persons as members, the withdrawal date in relation to them cannot be more than three months after the date when the enterprise received the notice of withdrawal. Should there be weighty, reasonable grounds for this, the statutes may stipulate barriers to the opportunity to withdraw in addition to those stated in the first to third sentences.

(3) In the case of withdrawal, the member is entitled to be repaid any membership contribution unless the statutes state otherwise. The member is only entitled to be paid interest on the membership contribution if the statutes stipulate that interest is payable on the membership contribution. In the case of a withdrawal, the member and enterprise have a mutual right to settle contract-law rights and obligations that have arisen in connection with the membership. If it is decided to make a subsequent payment within one year of the expiry of the calendar year when withdrawal took place, the member is also entitled to a subsequent payment based on the member's trade with the enterprise during the period to which the subsequent payment relates. The statutes may stipulate that a member that has withdrawn shall not be entitled to a subsequent payment.

(4) In a cooperative in which the members are employees of the enterprise, the statutes may stipulate that members that withdraw are to be entitled to be paid their share of the enterprise's net assets.

Section 23. *Exclusion*

(1) A member may, by a written order, be excluded from the enterprise when the member has infringed the enterprise's rules by a fundamental breach or when weighty grounds otherwise indicate exclusion. The statutes may stipulate that members may also be excluded if they have not traded with the enterprise for a period of at least one year.

(2) The board is the body that passes a resolution to exclude a member. The member that is excluded may demand that the board submits this resolution to the annual meeting. This demand must be submitted within one month of the member receiving a written notice containing information on the exclusion and the deadline for demanding that the decision be submitted to the annual meeting. This demand has a suspensive effect.

(3) The provisions stated in section 22, third and fourth subsections, relating to the financial settlement in the case of a withdrawal apply correspondingly to an exclusion. The statutes may stipulate that a member is to have more restricted financial rights following an exclusion than following a withdrawal.

(4) The statutes may assign the board's authority pursuant to subsection two to another body. The statutes may stipulate that infringing the enterprise's rules may lead to reactions other than exclusion.

Section 24. *Breach on the part of the enterprise, et seq*

(1) Should an enterprise have infringed the rights of a member through a fundamental breach, the member may immediately withdraw from the enterprise. The barriers stipulated in the statutes to the opportunity to withdraw do not apply. The member is entitled to be repaid the membership contribution and the balance of the member's capital account, possibly with interest. Should a decision to make a subsequent payment be made within one year of the expiry of the calendar year when the withdrawal took place, the member is also entitled to a subsequent payment based on the member's trade with the enterprise during the period to which the subsequent payment relates.

(2) The court may order the enterprise to buy out a member should weighty grounds favour this as a result of

1. the enterprise having infringed the member's rights through a fundamental breach, or
2. the board, annual meeting or a party representing the enterprise having acted in contravention of sections 55 or 90, or
3. a serious and long-lasting clash of interests having arisen between the member and other members regarding the running of the enterprise.

(3) A claim for a buy out cannot be agreed to if a buy out will have an unreasonable effect on the enterprise. A claim for a buy out must be brought within a reasonable time. The buy-out amount shall equal the value of the member's share of the net assets of the enterprise immediately before the grounds for the buy out arose.

(4) The statutes may stipulate that a breach on the part of the enterprise shall have effects other than those stipulated in this section.

Chapter 4. Financial factors

Section 25. *Requirement of adequate equity*

(1) The cooperative shall always have an equity that is adequate based on the risk involved in and scope of the enterprise's operations.

(2) If it is ascertained that the equity is less than that which is adequate based on the risk involved in and scope of the enterprise's operations, the board must discuss this issue immediately. The board shall within a reasonable period give notice of an annual meeting, provide a report on the financial position and propose measures that will give the enterprise an adequate equity.

(3) Should the board find no grounds for proposing measures as mentioned in subsection two, or such measures cannot be implemented, the board shall propose a resolution to dissolve the enterprise.

Section 26. *Use of the annual profit*

(1) The statutes may stipulate that the annual profit is to be used to make subsequent payments (cf section 27), transferred to the subsequent payments reserve (cf section 28), transferred to the members' capital accounts (cf section 29) or used to add interest to the membership contributions and members' capital accounts (cf section 30).

(2) A decision to use the annual profit as mentioned in subsection one is to be made by the annual meeting following a proposal from the board. The annual meeting cannot agree to a higher amount than the one which the board proposes or agrees to, but the annual meeting may itself decide how the amount is to be used within the frameworks stipulated in sections 27 to 30.

Section 27. *Subsequent payment*

(1) The statutes may stipulate that the members may be paid all or parts of the annual profit on the basis of their trade with the enterprise (subsequent payment).

(2) Only members can be entitled to a subsequent payment. In fishermen's sales organisations as mentioned in section 3 of Act no. 3 of 14 December 1951 on sales of raw fish, others that have traded with the organisation may also be entitled to a subsequent payment. They may also have financial rights pursuant to sections 28 and 29 in line with the members.

(3) A subsequent payment can only be made from that part of the annual profit that remains after a deduction has been made for unsettled losses and, if relevant, that part of the annual profit that is to be transferred to reserves, etc, in accordance with the statutes. No more than that which is in accordance with prudent, good business practices may be disbursed.

Section 28. *Subsequent payment reserve*

(1) When stipulated in the statutes, the annual meeting may decide that the annual profit that can be distributed pursuant to section 27, third subsection, is to be transferred in whole or in part to a subsequent payment reserve.

(2) The annual meeting may decide that all or parts of the subsequent payment reserve shall be distributed to the members. The distribution must take place on the basis of the members' trade with the enterprise during a period stipulated in the statutes. This period cannot be less than one year. On the same terms, the annual meeting may decide that all or parts of the subsequent payment reserve shall be transferred to the members' capital accounts, cf section 29.

(3) The annual meeting may also reduce the subsequent payment reserve without any payment to the members or any transfer to the members' capital accounts as stated in subsection two.

Section 29. *Members' capital accounts*

(1) When stipulated in the statutes, the annual meeting may decide that the annual profit that can be distributed according to section 27, third subsection, shall in whole or in part be transferred to accounts in the members' names (members' capital accounts) on the basis of the members' trade with the enterprise. The balance of the members' capital accounts shall cover otherwise unsettled losses.

(2) The annual meeting may decide that all or parts of the balances of the members' capital accounts shall be distributed to the members. Should a membership be terminated, the member is entitled to be paid the balance of the member's capital account. The first and second sentences may be waived in the statutes.

Section 30. *The payment of interest on and other increases in the membership contributions and members' capital accounts*

(1) When stipulated in the statutes, the annual meeting may decide that the annual profits which can be distributed according to section 27, third subsection, are to be wholly or partly used to pay interest on the membership contributions and members' capital accounts. The interest rate cannot be more than three percentage points above the interest payable on government bonds with a five-year term to maturity.

(2) The membership contributions may only be increased by interest being paid on the contributions in accordance with the first subsection or by the members making further contributions. The balance of the members' capital accounts can only be increased by interest being added pursuant to the first subsection and by further transfers pursuant to section 29, first subsection.

Section 31. *Barrier to distribution. Illegal distributions*

(1) The enterprise may only decide to make subsequent payments and disbursements from the subsequent payments reserve and members' capital accounts as long as this is justifiable according to section 25, first subsection. Other forms of distribution to the members are only allowed if the law provides particular authority for this.

(2) The recipient shall return any amount distributed in contravention of this section to the enterprise. However, this does not apply if the recipient did not know and ought not to have known that the distribution was illegal when the distribution was received.

(3) Any party that, on behalf of the enterprise, contributes to a decision to make, or the implementation of, an illegal distribution and who understood or ought to have understood that the distribution was illegal is liable for the amount distributed being returned to the enterprise. This liability may be reduced in accordance with section 5-2 of the Norwegian Act on compensation in certain circumstances.

Section 32. *Group contribution*

(1) The statutes may stipulate that a cooperative may provide a group contribution to another group enterprise or to another enterprise that forms part of the same federation.

(2) The provisions stipulated in section 26, second subsection and section 27, third subsection apply correspondingly to the provision of a group contribution. The group contribution must not exceed the amount that is justifiable pursuant to section 25, first subsection.

Section 33. *The provision of credit and security to members, et seq.*

(1) A cooperative may only provide credit or security to a member within the framework of the assets that the enterprise may use to make subsequent payments, and only when adequate security is provided for the claim for repayment or for the recovery of property.

(2) The prohibition stated in subsection one does not apply to

1. credit on normal terms in connection with business agreements and trade with the members,
2. credit or security granted by a secondary cooperative in favour of member enterprises,
3. credit or security granted to employees in a full-time job with the enterprise provided the credit or security is in accordance that which is normal when giving financial support to employees.

(3) The provisions in the first and second subsections apply correspondingly to the opportunity to give credit or provide security to a director, a general manager, a member of

another body of the enterprise or someone that is a related party of these or to a member of the enterprise pursuant to the rules stipulated in section 1-5, first section, of the Norwegian Private Limited Companies Act. However, the prohibition stipulated in subsection one does not prevent the enterprise from giving credit or providing security to an employee or his/her related parties provided:

1. the employee has been elected as an employee representative on the board of directors pursuant to the rules stipulated in this Act or in the statutes, and
2. the debtor is employed in a full-time job with the enterprise or another enterprise in the same group or in the same federation, and
3. the credit is provided in accordance with that which is normal in the case of financial support to employees.

(4) Should the enterprise have acted in contravention of the rules stipulated in this section, the transaction is invalid. Should security have been provided, it can nonetheless not be claimed that the transaction is invalid in relation to a contracting party that was acting in reasonable good faith when the security was provided. Assets that have been illegally transferred from the enterprise, or an amount equivalent to the value of these assets, must be returned to the enterprise immediately. The party that has made or approved an illegal transaction on behalf of the enterprise is liable pursuant to the rules stipulated in section 31, third subsection.

Section 34. *Gifts*

(1) The annual meeting may decide to make occasional gifts as well as gifts for the benefit of cooperatives or the general public that are reasonable based on the objective of making the gift, the enterprise's position and the circumstances otherwise. The right to make gifts may be delegated to the board or another body.

(2) The board may for the same purposes make gifts that do not have a significant effect on the enterprise's position.

Chapter 5. The annual meeting, etc

I. General rules

Section 35. *Authority*

The general meeting is the enterprise's supreme authority.

Section 36. *Right to attend the annual meeting. Proxies*

(1) All the members are entitled to attend the annual meeting. A member may choose to attend via a proxy unless the statutes state that members cannot attend via a proxy. No one can be a proxy for more than one member but if several parties have a joint membership they may have the same proxy. The right to attend the meeting cannot be limited in the statutes in any way other than that stated in section 37.

(2) The proxy shall present a written, dated authorisation. If the authorisation is presented using electronic communication, a proper method of authenticating the sender must be used.

The authorisation only applies for the next annual meeting unless it is clearly stated that something else is intended. The member may at any time revoke the authorisation.

(3) Each member may bring an adviser, and the annual meeting may allow the adviser to speak at the meeting. The first sentence may be waived in the statutes.

Section 37. Delegates

(1) In nationwide enterprises or enterprises with more than 100 members, the statutes may stipulate that the members are to be represented by delegates at the annual meeting. In such case, the statutes shall stipulate how the delegates are to be chosen, whether deputies for these are to be chosen and the term of office. The term of office cannot be longer than four years. Only members may be delegates.

(2) The provisions of this Act that relate to the members apply correspondingly to the delegates in so far as they are appropriate. Members that are represented by delegates have normal member rights and obligations unless otherwise stipulated by law. Fishermen or the owners of ships or tools who are members of a fishermen's sales organisation through a ship association, local sales association or a professional fishermen's organisation, cf section 3, first subsection of the Norwegian Act no. 14 of 14 December 1951 on the sale of raw fish, are to be considered equal to members that are represented by delegates.

(3) Delegates cannot attend the meeting by proxy, but each delegate may bring an adviser whom the annual meeting may allow to speak at the meeting. The first sentence may be waived in the statutes.

Section 38. Voting rights

(1) Each member has one vote at the annual meeting. A member may also vote as a proxy for another member. Persons that have a joint membership only have one vote.

(2) The statutes may contain provisions stating that members may have several votes if the votes are divided among the members according to their trade with the enterprise. In a secondary cooperative, the statutes may also stipulate that the votes are to be divided according to the membership figures or the geographical area to which the primary cooperative belongs. One member may not have a majority of the votes in the enterprise.

Section 39. Disqualification from voting at the annual meeting

No one may himself/herself or via a proxy, as a proxy or as a delegate vote at the annual meeting on legal proceedings against himself/herself or on his/her own liability to the enterprise, or on legal proceedings against others or on the liability of others to the enterprise if the member, proxy or delegate has a significant interest in the case which may conflict with the interests of the enterprise.

Section 40. The management's right and duty to attend the annual meeting

(1) The chairman of the board and general manager shall attend the annual meeting. If they are unable to attend for a valid reason, substitutes for these are to be appointed to attend. Other directors may attend the annual meeting.

(2) The directors and general manager are entitled to state their views at the annual meeting.

II. Annual Meeting

Section 41. *Ordinary annual meeting*

(1) The enterprise shall hold an ordinary annual meeting within six months after the end of each financial year. An enterprise that does not have any statutory obligation to keep accounting records shall hold an ordinary annual meeting once every calendar year.

(2) The ordinary annual meeting shall discuss and decide on issues which, according to the law or statutes, are the business of the annual meeting. In an enterprise that has a statutory obligation to keep accounting records pursuant to the Norwegian Accounting Act, the annual meeting shall approve the annual accounts and annual report, including the appropriation of the profit for the year.

(3) Documents mentioned in the second sentence of the second subsection and any auditor's report shall be sent to all the members with a known address at the latest one week before the annual meeting. The statutes may stipulate a longer period. The statutes may stipulate that the documents are only to be sent to members that so request or that the documents may be made available to the members in some appropriate manner other than being sent out. The notice of the annual meeting must in such case state how the members can gain access to the documents. If the members are to be represented by delegates at the annual meeting, cf section 37, it is sufficient to send the documents to the delegates unless the statutes stipulate otherwise.

Section 42. *Extraordinary annual meeting*

(1) The board may give notice of an extraordinary annual meeting. The statutes may stipulate that other bodies may also have such a right. The statutes of a primary cooperative may stipulate that the board of the secondary cooperative may give notice of an extraordinary annual meeting.

(2) The board shall give notice of an extraordinary annual meeting when the auditor or at least one tenth of the members demands this in writing in order to discuss a clearly stated subject. The board shall ensure that the annual meeting is held within one month of the demand being put forward. The statutes may stipulate that the board shall also have a duty to give notice of an extraordinary annual meeting at the request of parties other than those stated in the first sentence.

Section 43. *Annual meeting resolutions without personal attendance*

(1) In an enterprise that has fewer than 20 members, the board may present an issue to be determined by an annual meeting that is held without any personal attendance. This only applies if the board finds that the issue can be dealt with properly by being presented in writing for the members to decide on.

(2) The board shall send the case documents with a proposed resolution and the reasons for the proposal to all the members with a known address and to the general manager and auditor. The deadline for voting must be stated. This cannot be shorter than the deadline for giving

notice of an annual meeting unless all the members agree on a shorter deadline. The members shall be made aware of the fact that they may demand that the issue be presented to an annual meeting that is personally attended.

(3) The rules stipulated in the Act relating to the annual meeting apply correspondingly in so far as they are appropriate. The result of the voting shall be noted in the minutes of the annual meeting, which must be dated, signed by the chairman of the board and sent to all the members. Votes cast along with views on the case are to be attached to the minutes.

(4) The issue is to be presented to an annual meeting that is personally attended if this is required by a director, a member or the auditor by the deadline for voting in writing.

III. Notice of an annual meeting

Section 44. *The party that is to give notice*

(1) Notice of the annual meeting shall be given by the board or by the body stipulated in the statutes.

(2) Should the board or the body stipulated in the statutes fail to give notice of an annual meeting that is to be held according to the law, statutes or a previous annual meeting resolution, the District Court shall do so as quickly as possible if this is requested by a director, the general manager, auditor or a member of the enterprise. If the enterprise has a supervisory body, the chairman of this board may put forward such a request. The enterprise shall pay the costs of this.

Section 45. *The location of the annual meeting*

The annual meeting is to be held in the municipality where the enterprise has its registered office unless the statutes stipulate that it may or shall be held in one or several other stated place(s). The annual meeting may be held at another location if this is necessary on special grounds.

Section 46. *Requirements regarding the notice of the meeting*

(1) All members with a known address are to receive a written notice stating the time and place of the meeting. If the members are to be represented by delegates at the annual meeting, cf section 37, it is sufficient to send the notice to the delegates.

(2) Notice of the annual meeting is to be sent such that it normally arrives at the latest one week before the meeting is to be held unless a longer deadline has been stipulated in the statutes. Such a provision in the statutes does not apply to notices pursuant to section 42, second subsection.

(3) The notice shall clearly state the issues to be discussed at the annual meeting. Proposals regarding amendments to the statutes are to be included in the notice of the meeting. The board is to prepare a draft agenda in accordance with the law and statutes.

Section 47. *Right to raise issues at the annual meeting*

A member is entitled to raise issues at the annual meeting. Any issues must be notified in writing to the board so far in advance that they can be included in the notice of the meeting. Should the notice of the meeting have been already sent out, a new notice is to be sent if this can arrive at least one week before the annual meeting is to be held.

IV. Meeting regulations

Section 48. *Opening of the meeting. Person to chair the meeting*

(1) The chairman of the board or the party appointed by the board opens the annual meeting. Should the statutes stipulate who is to be the meeting chairman or that a body other than the annual meeting is to choose the meeting chairman, cf subsection two, second sentence, the meeting chairman opens the meeting. If the District Court has given notice of the annual meeting, the Court is to appoint the party who is to open the meeting. A decision by the District Court cannot be appealed against.

(2) The annual meeting is to choose a meeting chairman, who does not need to be a member or a delegate. The statutes may stipulate who shall or may be a meeting chairman or that a body other than the annual meeting is to choose the meeting chairman.

Section 49. *List of the members attending the meeting*

The party who opens the meeting shall, prior to the first vote, prepare a list of the members that are attending the meeting, either personally or via a proxy. Should any of the members have more than one vote, the number of votes that these have shall be stated on the list. The list shall be used until it is altered by the annual meeting.

Section 50. *Issues not on the agenda*

(1) Issues that have not been notified to the members pursuant to the rules governing notice of annual meetings may not be decided on unless all the enterprise's members consent to this. If the members are represented by delegates, it is sufficient that all the delegates consent to this.

(2) The fact that an issue is not stated in the notice of the meeting does not prevent:

1. the ordinary annual meeting from determining issues which, according to the law or statutes, are to be dealt with by the meeting,
2. the ordinary annual meeting from deciding on a proposal regarding an investigation pursuant to section 59, first subsection,
3. it from being decided to give notice of a new annual meeting to decide on a proposal made at the meeting.

Section 51. *The management's duty of disclosure*

(1) A member may demand that directors and the general manager provide information to the annual meeting about circumstances that may affect the assessment of:

1. the approval of the annual accounts and annual report, or other of the enterprise's

accounts,

2. issues that have been presented to the members to decide on,
3. the enterprise's financial position, including operations in other groups in which the enterprise participates, and other issues that the annual meeting is to discuss provided the information that is demanded can be given without causing too much harm to the enterprise.

(2) Should the members be represented by delegates, only the delegates may demand such information.

(3) Should the management be unable to reply at the annual meeting because information has to be obtained, a written reply is to be prepared within two weeks after the meeting. The reply is to be sent to all the members with a known address or made available to the members in some other adequate manner. A written reply shall always be sent to the member that has asked for the information. Other members are entitled to be sent the reply if they so request. If the members were represented by delegates, it is sufficient to send the reply to all the delegates.

Section 52. Minutes

(1) The meeting chairman shall ensure that minutes of the annual meeting are kept.

(2) Annual meeting resolutions shall be recorded in the minutes along with information on the number of votes. The list of those attending the meeting, cf section 49, shall be included in or attached to the minutes.

(3) The meeting chairman and at least one other person that the annual meeting is to choose from among those present shall sign the minutes. The minutes shall be kept available to the members of the enterprise and shall be properly safeguarded.

V. Requirement of a majority, etc

Section 53. Normal requirement of a majority

(1) A resolution by the annual meeting requires a majority of the votes cast unless otherwise stipulated by law. Should there be a tied vote, the meeting chairman has the casting vote even if the meeting chairman is not entitled to vote. Blank votes are considered to be the same as votes that are not cast.

(2) In the case of an election or appointment, the party that receives the most votes shall be counted as having been elected or appointed. The annual meeting may decide in advance that there must be a new vote if no one achieves a majority of the votes cast. In the case of a tied vote, the decision is to be reached by drawing lots.

(3) The statutes may stipulate resolution requirements other than those stipulated in this section and other rules governing the consequences of tied votes and blank votes.

Section 54. Amendments to the statutes

(1) The annual meeting may decide to amend the statutes provided this is supported by two thirds of the votes cast. The statutes may stipulate more stringent requirements regarding this.

(2) Amendments to the statutes which entail

1. significant amendments to the objects clause,
2. more stringent liability rules for the members,
3. a tightening up of the obligation to contribute capital to the enterprise,
4. the introduction of an obligation to trade with the enterprise or a significant tightening up of such an obligation, or
5. limitations on the right to withdraw

require the support of at least four fifths of the votes cast.

(3) Should amendments to the statutes as mentioned in subsection two be made, a member that has voted against these may withdraw from the enterprise pursuant to the rules stated in section 24, first subsection, provided notice of this is given at the latest one month after the resolution is passed. The first sentence does not apply to members that have been represented by delegates.

Section 55. *Abuse of authority*

The annual meeting cannot pass any resolution that may give certain members or others an unreasonable advantage at the expense of other members or of the enterprise.

VI. Legal proceedings regarding invalid resolutions

Section 56. *Who may bring legal proceedings regarding invalid resolutions*

A member of the enterprise, a director or the general manager may bring legal proceedings claiming that an annual meeting resolution is invalid because it has been brought about in an illegal manner or is otherwise in contravention of the law or the enterprise's statutes. Such legal proceedings may also be brought by a majority of the employees or alternatively by trade unions that organise two thirds of the employees.

Section 57. *Period allowed for bringing legal proceedings*

(1) Legal proceedings pursuant to section 56 claiming that a resolution is invalid must be brought within three months of the resolution being passed. If not, the resolution is valid. If the resolution has been passed outside the meeting, the period allowed is counted from the date when the minutes were sent to the members.

(2) The rules stipulated in subsection one do not apply if

1. the resolution is of such a nature that it cannot be passed even with the consent of all the members,
2. the law or statutes require that certain members or all the members must consent to the

resolution, and no such consent has been granted,

3. no notice has been given of the annual meeting, or the rules governing notice have been significantly disregarded,
4. legal proceedings are raised within two years of the expiry of the period stated in the first subsection, and the District Court decides that the claimant had reasonable grounds for disregarding the period allowed and that it would lead to an obviously unreasonable result if the resolution were to be ruled valid.

Section 58. *Judgement stating that the resolution is invalid*

(1) A judgement stating that a resolution of the annual meeting is invalid, or which amends the resolution, has an effect on all those that are entitled to bring legal proceedings pursuant to section 56.

(2) The judgement may only amend the resolution if a statement of claim to this effect has been submitted and the court can stipulate the content that the resolution should have had.

(3) Should the resolution have been notified to the Register of Business Enterprises, the judgement is to be notified to and registered in this register. The enterprise is responsible for paying the costs of this.

VII. Investigations

Section 59. *A proposal to investigate*

(1) A member may propose an investigation into the formation or management of the enterprise or into more detailed circumstances regarding the management or the accounts. This proposal may be made at an ordinary annual meeting or at an annual meeting whose notice has stated that the issue of such an investigation is to be raised.

(2) Should this proposal obtain the support of at least one tenth of the members attending the annual meeting, each member may, within one month after the annual meeting, demand that the District Court is to hand down a judgement ordering an investigation.

Section 60. *Decision of the District Court*

(1) The District Court shall comply with a demand for an investigation pursuant to section 59, second subsection, provided the court believes there are reasonable grounds for the demand.

(2) Before reaching a decision, the District Court shall give the enterprise and, if necessary, the party that would otherwise be the subject of the investigation, an opportunity to state their views.

(3) The court shall appoint one or more investigators. That stated regarding auditors in sections 4-1 to 4-7 and 5-2, third subsection, of the Norwegian Auditors Act applies correspondingly to the investigators. They are subject to a duty of confidentiality according to the same rules as those applicable to auditors, cf section 6-1 of the Auditors Act.

(4) The court shall determine the remuneration payable to the investigators. The costs of the investigation shall be paid by the enterprise. The court may stipulate that the enterprise is to deposit an appropriate amount in advance.

Section 61. *The investigation report*

(1) The investigators shall provide the District Court with a written report on the investigation.

(2) The court shall give notice of an annual meeting to discuss the investigation report. The report shall be sent to each member with a known address such that it is normally received at the latest one week before the meeting. If the members are to be represented by delegates, cf section 37, it is sufficient to send the report to the delegates.

VIII. Supervisory body and control committee

Section 62. *Supervisory body*

(1) Provided it is stipulated in the statutes that the enterprise is to have a supervisory body, the supervisory body is to be elected by the annual meeting. Directors, the general manager and the auditor may not be members of the supervisory body.

(2) The supervisory body shall monitor that the enterprise's objectives are advanced in accordance with the law, statutes and resolutions of the annual meeting, and shall otherwise carry out the tasks stipulated in the statutes.

(3) The statutes may stipulate more detailed procedural rules. Unless the statutes state otherwise, the rules governing board procedure apply in so far as they are appropriate.

Section 63. *Control committee*

(1) Should the statutes stipulate that the enterprise is to have a control committee, the control committee shall be elected by the annual meeting. Directors, the head of the supervisory body, general manager and auditor may not be members of the control committee.

(2) The control committee shall supervise the enterprise's operations and ensure that the enterprise complies with the law, regulations, conditions, statutes and any resolutions passed by the enterprise's bodies. The control committee may discuss any of the enterprise's circumstances.

(3) The control committee may always demand to be shown the enterprise's minutes and documents and may demand that employee representatives and employees provide the information the committee believes is necessary in order for it to be able to carry out its work.

(4) Should the enterprise be a parent enterprise in a group, cf section 5, the statutes may stipulate that subsections two and three shall also apply to subsidiaries.

(5) The statutes may stipulate more detailed procedural rules. Unless the statutes state otherwise, the rules governing board procedure apply in so far as they are appropriate.

Chapter 6. The management of the enterprise

I. Requirement of a board and a general manager. Election of directors, term of office, et seq

Section 64. *The board*

(1) The enterprise shall have a board consisting of at least three directors unless the statutes stipulate that there shall be two directors. Only persons of legal age and capacity may be directors.

(2) The board is to elect the chairman of the board unless the annual meeting has done so or this has been done by an enterprise body which is laid down in the statutes and which, according to the statutes, is authorised to elect the chairman of the board.

Section 65. *General manager*

(1) The enterprise shall have a general manager unless the statutes state otherwise.

(2) The board shall appoint the general manager unless the statutes stipulate that another body laid down in the statutes is to do so.

Section 66. *Election of directors*

(1) The directors are to be elected by the annual meeting, which is also to decide whether alternate directors are to be elected. If the board has two directors, at least one alternate director shall be elected.

(2) Subsection one does not apply to directors elected by the enterprise's employees pursuant to section 67.

(3) The statutes may stipulate that a party other than the annual meeting shall have the right to elect pursuant to subsection one. The annual meeting shall nonetheless elect more than half of the directors unless the right to elect is transferred to an enterprise body that is laid down in the statutes. The right to elect may not be transferred to the board or to a director.

Section 67. *Right of employees to elect directors*

(1) In enterprises with more than 30 employees, a majority of the employees may demand that one director and one observer, and an alternate director and observer, are to be elected by and from among the employees.

(2) In enterprises with more than 50 employees, a majority of the employees may demand that up to one third and at least two of the directors and their alternate directors are to be elected by and from among the employees.

(3) In enterprises with more than 200 employees, the employees are to elect one director and his/her alternate director or two observers and their alternate observers in addition to the representation stipulated in subsection two.

(4) Regulations issued pursuant to section 6-4, subsection four of the Norwegian Private Limited Companies Act apply correspondingly to elections pursuant to this section in so far as they are appropriate.

Section 68. *The right of employees to elect directors of groups and federations*

(1) When an enterprise is part of a group, the King may stipulate, pursuant to an application from the group, from trade unions that represent two thirds of the group's employees or from a majority of the group's employees, that the group's employees shall be considered as employees of the enterprise when section 67 is applied.

(2) Subsection one applies correspondingly when an enterprise belongs to a group of enterprises that are linked together through owner interests or a common management, including a federation.

(3) The King may stipulate that this section shall only apply to parts of a group, a federation or another group as mentioned in subsection two.

Section 69. *Requirement that both sexes be represented on the board*

(1) Both sexes must be represented as follows on the board of a cooperative that has more than 1 000 members on the date when directors are elected:

1. if the board has two or three directors, both sexes must be represented,
2. if the board has four or five directors, each sex shall be represented by at least two directors,
3. if the board has six to eight directors, each sex shall be represented by at least three directors,
4. if the board has nine directors, each sex shall be represented by at least four directors, and if the board has more than nine directors, each sex shall be represented by at least 40 per cent of the directors.
5. The rules stipulated in nos. 1 to 4 apply correspondingly to the election of alternate directors.

The rules stated in numbers 1 to 5 of the first sentence do not apply if one of the sexes comprises less than five per cent of the total number of natural persons who are members of the enterprise on the date of the election.

(2) Numbers 1 to 5 of subsection one do not apply to directors that are to be elected from among the employees pursuant to section 67. When two or more directors are to be elected as stated in the first sentence, both sexes must be represented. The same applies to alternate directors. The second and third sentences do not apply if one of the sexes comprises less than 20 per cent of the total number of employees in the enterprise on the date of the election.

Section 70. *Directors' term of office*

(1) A director's term of office is two years. The statutes may stipulate that the term of office is to be shorter or longer, but it may not be more than four years. A shorter term of office may be stipulated in the case of a by-election.

(2) The term of office shall start on the election date unless otherwise stipulated. It lasts until the ordinary annual meeting of the year when the term of office ends.

(3) Even if the term of office has ended, the director is entitled to remain in this post until a new director is elected.

(4) Subsections one and two do not apply to a director that has been elected pursuant to section 67, cf section 68.

Section 71. *Resignation and dismissal before the term of office has ended*

(1) A director is entitled to resign before the term of office has ended if there are special grounds for this. The board and the party that has elected the director shall be given reasonable advance notice of this.

(2) A director may be dismissed by the party that has elected the director. This does not apply to a director that has been elected pursuant to section 67, cf section 68.

Section 72. *By-election*

(1) Should a director leave the position of director before the term of office has ended and there is no alternate director, the rest of the board shall ensure that a new director is elected for the remainder of the term of office. The same applies if a director becomes legally incapacitated or is made subject to a period of disqualification from business pursuant to sections 142 and 143 of the Norwegian Bankruptcy Act.

(2) If the election is to take place at the annual meeting, it may be postponed until the next ordinary annual meeting provided the board is still quorate.

Section 73. *Alternate directors and observers*

The provisions of the Act relating to directors apply correspondingly to alternate directors and observers in so far as they are appropriate.

Section 74. *Remuneration*

Any remuneration to directors, alternate directors and observers shall be determined by the annual meeting. In the case of bankruptcy, the right to remuneration shall cease as from the date when bankruptcy proceedings commence.

Section 75. *Requirement as to residence*

(1) The general manager and at least half of the directors shall be resident in Norway unless the King grants an exemption in special cases.

(2) Subsection one does not apply to citizens of states that are parties to the EEA Agreement when they are residents of such a state.

II. Management tasks. Discussion of issues, et seq

Section 76. *Managing the enterprise*

(1) Managing enterprise is a matter for the board. The board shall ensure that the operations are suitably organised.

(2) The board shall, in so far as necessary, determine plans and budgets for the operations. The board may also determine guidelines for the operations.

(3) The board shall keep informed of the enterprise's financial position and shall ensure that there is adequate control of the operations, accounts and asset management.

(4) The board may initiate the investigations it believes necessary to be able to carry out its tasks. The board shall initiate such investigations if one or more of the directors so demands.

Section 77. *The board's supervisory responsibilities*

The board shall supervise the day-to-day management and the enterprise's other operations. The board may issue instructions for the day-to-day management.

Section 78. *The day-to-day management*

(1) The general manager shall be responsible for the day-to-day management of the enterprise's operations and shall comply with the guidelines and orders issued by the board.

(2) The day-to-day management does not include issues which, according to the enterprise's circumstances, are of an unusual nature or are very important.

(3) The general manager may otherwise decide on an issue pursuant to authorisation by the board in each individual case or if waiting for a board resolution would entail a considerable drawback for the enterprise. The board shall be notified of the decision as quickly as possible.

(4) The general manager shall ensure that the enterprise's accounts comply with the law and regulations and that the asset management has been satisfactorily arranged.

Section 79. *The general manager's obligations to the board*

(1) The general manager shall report to the board on the enterprise's operations, the enterprise's situation and the developments in the enterprise's results at least every fourth month, at a meeting or in writing.

(2) The board may at any time demand that the general manager give the board a more detailed explanation of specific matters. Each director may also demand such an explanation.

(3) The provision stated in subsection one may be waived in the statutes.

Section 80. *Mutual duty of disclosure in a group and federation*

(1) The board of a subsidiary shall give the board of the parent enterprise the information necessary for evaluating the enterprise's position and the results of the group's operations.

(2) The parent enterprise shall notify the board of a subsidiary of factors that may affect the entire group. The parent enterprise shall also notify the board of the subsidiary of any resolutions that may affect the subsidiary before a final resolution is passed.

(3) The provisions stipulated in subsections one and two apply correspondingly in so far as they are appropriate to enterprises that form part of a federation.

Section 81. *Demands for debt settlement and bankruptcy proceedings*

(1) Demands for debt settlement or bankruptcy proceedings for the enterprise may only be put forward by the board.

(2) The board represents the enterprise as a debtor in bankruptcy.

Section 82. *The board's discussion of issues*

(1) The board shall discuss issues at meetings unless the chairman of the board believes the issue can be presented in writing or raised in some other adequate manner. The board shall discuss the annual accounts and annual report at meetings.

(2) The chairman of the board shall ensure that the directors can in so far as possible be involved in a joint treatment of issues that are to be dealt with without a meeting. The directors and general manager may demand that an issue is to be dealt with at a meeting.

(3) The chairman of the board is in charge of the discussions on issues. Should neither the chairman of the board nor the deputy chairman be present, the board shall choose a person to be in charge of the board discussions.

(4) The general manager has a right and a duty to take part in the board's discussion of issues and to state his/her views, unless otherwise stipulated by the board in each individual case.

(5) The provisions stipulated in this section may be waived in the statutes.

Section 83. *Requirement that issues be dealt with by the board, et seq.*

The chairman of the board shall ensure that relevant issues which are the business of the board are dealt with. The directors and general manager may demand that the board discuss certain issues.

Section 84. *Preparations of cases and notification*

(1) The general manager shall prepare the issues for board discussion in consultation with the chairman of the board. All issues shall be prepared and presented in such a way that the board has a satisfactory basis for its discussions.

(2) The issues to be discussed by the board shall be notified in a suitable manner and with the necessary period of notice.

Section 85. *Board instructions*

(1) In enterprises where the employees are represented on the board, the board is to determine instructions containing more detailed rules governing the board work and procedures.

(2) These instructions shall, inter alia, contain rules stipulating the issues that are to be dealt with by the board and the general manager's tasks and duties in relation to the board. The instructions shall also contain rules governing notice of and procedures at meetings.

(3) The King may issue regulations governing board instructions.

Section 86. *When the board may pass resolutions*

(1) The board may pass resolutions when more than half of the directors are present or are involved in the procedures unless other requirements are stipulated in the statutes.

(2) The board may nonetheless not pass a resolution unless all the directors have, in so far as possible, been given an opportunity to take part in discussing the issue.

(3) Should a director be unable to attend and an alternate director exists, the alternate director is to be summoned.

Section 87. *Normal requirement of a majority*

(1) A board resolution requires the majority of the directors that are involved in dealing with an issue to have voted in favour of this resolution. Should there be a tied vote, the meeting chairman has the casting vote. Those who have voted in favour of a proposal which entails a change must nonetheless always comprise more than one third of all the directors.

(2) Other resolution requirements may be stipulated in the statutes.

Section 88. *The requirement of a majority in the case of elections and appointments*

(1) In the case of elections and appointments, the person who wins the most votes is the one that is elected or appointed. The board may stipulate in advance that a new vote is to take place if no one achieves a majority of the votes cast.

(2) Should the vote be tied in an election of a chairman of the board or meeting chairman, the election is to be determined by drawing lots. In other cases where there is a tied vote, the meeting chairman has the casting vote.

(3) Other resolution requirements may be stipulated in the statutes.

Section 89. *Legal incapacity*

(1) A director must not participate in any discussions or decision regarding an issue that is so important to the director or a related party that the director must be counted as having a clear

personal or financial special interest in the case. The same applies to the general manager. When deciding whether a party is a related party pursuant to this provision, section 1-5, first subsection of the Norwegian Private Limited Companies Act applies correspondingly.

(2) A director or a general manager must also not participate in discussions on an issue concerning a loan or other credit to him/herself or concerning the provision of security for his/her own debts.

Section 90. *Abuse of one's position in the enterprise, et seq.*

(1) The board and others that represent the enterprise pursuant to sections 92 to 94 must not do anything that may give certain members or others an unreasonable advantage at the expense of other members or the enterprise.

(2) The board or general manager must not comply with any resolution of the annual meeting or another body if the resolution contravenes the law or statutes.

Section 91. *Minutes of board meetings*

(1) Minutes are to be kept of board discussions, stating as a minimum the time, place, participants, method of treatment and board resolution. It shall be stated that the procedures have complied with the requirements stated in section 86.

(2) If the board resolution is not unanimous, the parties that voted in favour of the resolution and those that voted against are to be stated. Directors and general managers that do not agree with a resolution may demand to have their views recorded in the minutes.

(3) The minutes are to be signed by the directors that have been involved in the board discussions. If the board has at least five directors and the resolution was passed at a meeting, the board may choose two directors to sign. In such case, a copy is to be sent to all the directors stating a deadline for making comments, and directors may demand that any comments are to be recorded in the minutes.

III. External circumstances

Section 92. *Representation*

The board represents the enterprise to the outside world and is authorised to sign on behalf of the enterprise.

Section 93. *Authority to sign on behalf of the enterprise*

(1) The board may authorise directors, the general manager or named employees to sign on behalf of the enterprise. Such authorisations may be stipulated in the statutes, which may also limit the board's authority to authorise others to sign on behalf of the enterprise.

(2) The right to sign on behalf of the enterprise may be revoked at any time. The board may revoke an authorisation that is laid down in the statutes if waiting for a resolution of the annual meeting would be harmful to the enterprise.

(3) The provisions relating to a general manager in section 89 apply correspondingly to a party that is authorised to sign on behalf of the enterprise who is not a general manager or director.

Section 94. *Representation by the general manager*

The general manager represents the enterprise to the outside world regarding issues which form part of the day-to-day management.

Section 95. *Exceeding authority*

Should someone who represents the enterprise pursuant to the rules stated in sections 92 to 94 have exceeded his/her authority in a transaction carried out on behalf of the enterprise, the transaction is not binding on the enterprise provided the enterprise proves that the other contracting party understood or ought to have understood that the party had exceeded his/her authority and it would contravene honour and good faith to enforce the transaction.

Section 96. *Defects in the election of directors or appointment of a general manager*

Once the election of a director or appointment of a general manager has been registered in the Register of Business Enterprises, defects in the election or appointment may not be pleaded in relation to a third party unless the enterprise proves that the third party knew of the defect.

Chapter 7. Audits

Section 97. *Election of an auditor*

(1) In enterprises that have a duty to conduct an audit pursuant to the Norwegian Auditors Act, the annual meeting shall elect one or more auditors and may elect one or more deputy auditors.

(2) The annual meeting is to approve the remuneration payable to the auditor.

Section 98. *Discontinuation of the assignment*

(1) The auditor is to serve until another auditor is elected.

(2) Should the auditor's assignment be discontinued before the term of office has expired, the board shall immediately ensure the election of a new auditor. The same applies if the auditor no longer meets the requirements for being elected as an auditor of the enterprise.

Section 99. *Election of a new auditor*

(1) The annual meeting may only elect a new auditor when the notice of the meeting states that a proposal will be submitted to elect a new auditor. The auditor is entitled to give an account of his/her views on the proposal submitted to the annual meeting.

(2) Should the annual meeting have rejected a proposal to elect a new auditor, one tenth of all the members may within one month of the annual meeting demand that the District Court

hand down a judgement appointing an auditor in addition to other auditors in the enterprise. This demand must be acceded to provided there are reasonable grounds for it.

(3) The District Court is to determine the term of office and remuneration for a court-appointed auditor. Should the auditor wish to resign before his/her term of office has expired, reasonable advance notice of this is to be given to the District Court.

Section 100. *Auditor's report*

The auditor shall provide an auditor's report to the annual meeting for each financial year. The auditor's report shall be in the hands of the board at the latest two weeks prior to the ordinary annual meeting.

Section 101. *The auditor is to attend the annual meeting*

The auditor shall attend the annual meeting when issues are to be dealt with which make this necessary. Apart from this, the auditor is entitled to attend the annual meeting.

Chapter 8. Mergers

Section 102. *The concept of a merger*

(1) Mergers of cooperatives are covered by the rules governing mergers stated in this chapter when a cooperative (the transferor enterprise) is to transfer assets, rights and liabilities at one time to another cooperative (the transferee enterprise) and membership of the transferor enterprise is to be exchanged for membership in the transferee enterprise.

(2) The transferee enterprise may be an existing enterprise or an enterprise that is formed by the merger.

Section 103. *Merger resolutions*

(1) In each cooperative, a merger resolution is passed by the annual meeting approving a merger plan, cf section 104 and 105.

(2) A merger resolution is passed by the same majority as for an amendment to the statutes. Should the merger mean that the members of a transferor or transferee enterprise are entitled to a larger share of the remaining assets upon dissolution, a four-fifths majority of the votes cast in the enterprise in question is required. A resolution pursuant to the second sentence may only be passed if there are reasonable grounds for this, and it requires the approval of the Norwegian Gaming and Foundation Authority. Conditions may be stipulated in such an approval.

(3) The statutes may stipulate stricter requirements as to resolutions than those stated in subsection two.

Section 104. *Merger plan*

(1) The boards of the enterprises that are to merge shall prepare and adopt a common merger plan.

(2) The merger plan shall at least contain:

1. the enterprises' registered names, the municipalities in which the enterprises are registered, and the enterprises' addresses and organisation numbers,
2. the date from which transactions in the transferor enterprise shall be shown in the accounts to have been carried out for the account of the transferee enterprise,
3. the payment to be made to the members of the transferor enterprise(s), including the size of any payment in addition to membership of the transferee enterprise (cf section 106),
4. the conditions for exercising rights as a member of the transferee enterprise and for being included in the membership register,
5. the rights that members with special rights in the transferor enterprise(s) are to have in the transferee enterprise,
6. special rights or advantages that the directors or general manager are to be given through the merger,
7. a draft opening balance sheet for the transferee enterprise. The opening balance sheet shall be prepared in accordance with prevailing accounting rules. For enterprises that are obliged to be audited pursuant to the Auditors Act, a state-authorized or registered auditor shall provide a statement confirming that the balance sheet has been prepared in accordance with these rules.

(3) If the transferee enterprise is an existing enterprise, the merger plan shall contain any proposed amendments to the statutes of the transferee enterprise. Should the transferee enterprise be formed at the time of the merger, the plan shall instead contain a draft memorandum of incorporation for the transferee enterprise, cf sections 8 to 10.

(4) The merger plan may stipulate that the transferee enterprise is to take over the management of the transferor enterprise(s) as soon as the merger plan has been approved by all the enterprises involved in the merger. The assets and property of the transferor enterprise(s) shall in such case be kept separate until the merger is implemented.

Section 105. *Annexes to the merger plan*

The following are to be enclosed as annexes to the merger plan:

1. the statutes of the transferor and transferee enterprises,
2. the last annual accounts, annual report and auditor's report for the enterprises that are involved in the merger and which have a statutory obligation to keep accounting records and be audited.

Section 106. *Determination of the payment*

(1) Upon the merger, each member of the transferor enterprise shall be given membership of the transferee enterprise or have any membership contribution increased if the member concerned is a member of the transferee enterprise when the annual meeting of the transferor enterprise agrees to the merger plan. Any payment in addition to this shall be divided among the members on the basis of their share of the trade with the enterprise during the past five

years. The statutes may stipulate a period other than five years, but this cannot be less than one year. The additional payment mentioned in the second sentence may also be distributed on the basis of the members' trade with the transferee enterprise during a transitional period which cannot be longer than five years.

(2) The total merger payment to the members of the transferor enterprise must not be disproportionate to the assets that the transferor enterprise has contributed to the transferee enterprise through the merger.

Section 107. *Report on the merger*

Once the merger plan is complete, the board of each enterprise shall prepare a written report on the merger and on its effect on the enterprise. This report shall give an account of the grounds for the merger proposal, the main views on which the determination of the payment is based, and the effects of the merger on the enterprise's employees.

Section 108. *Report on the merger plan*

(1) In enterprises that are obliged to be audited pursuant to the Auditors Act, the board shall ensure that a report on the merger plan is prepared. In this report, the board must state the reasons why, and confirm that, the merger will not contravene the requirement of adequate equity stipulated in section 25 and that the merger payment has been determined in accordance with the provisions of section 106.

(2) The report shall be certified by a state-authorized or registered auditor. This certification must be dated no earlier than eight weeks prior to the annual meeting resolution regarding the merger.

Section 109. *Relationship with the employees*

(1) The employee representatives in the enterprises that are to merge are to be given information and be entitled to hold discussions in accordance with the regulations stipulated in section 16-5 of the Norwegian Working Environment Act.

(2) The merger plan and its annexes and the board's report shall always be made known to the enterprise's employees. This may take place through the use of electronic communication, but nonetheless such that an employee who so requests shall be given access to a paper copy of the documents.

(3) Written reports received from the employees or their representatives shall form part of the case documents during the enterprise's further discussions on the merger plan.

Section 110. *Notification to the members*

(1) Notification to the members stating the most important consequences for them of a merger is to be sent at the latest four weeks before the annual meeting is to discuss the merger plan. If the members of a transferor enterprise are to receive payment in addition to membership of the transferee enterprise, the notification shall contain an overview of the amount that each individual member is to receive as payment.

(2) The notification shall make members aware that, upon request, they are entitled to be sent the merger plan and its annexes, the report and explanations from the board and any reports from the employees or their representatives. Should a member ask to be sent these documents, they are to be sent to the member without undue delay.

Section 111. *Duty of disclosure*

The board of a transferor enterprise shall provide information to this enterprise's annual meeting and to the boards of other enterprises that are involved in the merger of any significant changes in assets, rights or liabilities that have taken place during the period between the signing of the merger plan and the discussions relating to the merger plan at the annual meeting. Should the transferee enterprise be an existing enterprise, its board has a corresponding duty of disclosure.

Section 112. *Application to the Norwegian Gaming and Foundation Authority*

(1) Should a merger resolution require the approval of the Norwegian Gaming and Foundation Authority (cf section 103, second subsection), an application for such approval may not be sent until the annual meetings of all the enterprises involved in the merger have passed resolutions approving the merger.

(2) The application must include the merger plan and its annexes and the report of the board. Those that have voted against the merger are to have an opportunity to give a brief account of their main views in an annex to the application.

Section 113. *Notification to the Register of Business Enterprises*

(1) At the latest one month after the merger has been approved by all the enterprises that are involved in the merger, each enterprise shall notify the Register of Business Enterprises of its resolutions.

(2) Should a merger resolution require the approval of the Norwegian Gaming and Foundation Authority (cf section 103, second subsection), the enterprise shall not notify the Register of Business Enterprises of its resolutions until approval has been granted and the period allowed for appeals pursuant to the Norwegian Public Administration Act has expired or the Ministry has decided on an appeal. The deadline for notifying the resolution is one month after the deadline for appeals has expired or the Ministry has decided on an appeal. The approval is to be enclosed with the notification to the Register of Business Enterprises.

(3) Should the resolution not be notified to the Register of Business Enterprises by the deadlines stipulated in subsections one and two, registration may not take place. The resolution is in such case no longer binding. The same applies if registration is refused due to an error that cannot be rectified.

Section 114. *Notice to creditors*

(1) The Register of Business Enterprises shall announce the decision to merger and notify the enterprise's creditors that objections to the merger must be reported to the enterprise in question within two months of the date of the announcement in the Brønnøysund Register Centre's electronic announcement publication.

(2) The announcement shall be published in the Brønnøysund Register Centre's electronic announcement publication as well as twice, with at least a one-week interval, in a newspaper that is commonly read in the enterprise's place of business. The announcement in the newspaper may be published in an abbreviated form with a reference to the electronic publication.

Section 115. *Objections from creditors*

(1) Should a creditor with an undisputed claim that has fallen due submit objections by the deadline stated in section 114, the merger cannot be carried out until the claim has been paid.

(2) A creditor with a disputed claim or claim that has not fallen due may demand adequate security for the claim if it is not already secured. The District Court is to determine disputes regarding whether a claim exists and whether the security is adequate.

(3) The court may reject a claim for security pursuant to subsection two when it is clear that no claim exists or that the likelihood of the claim being paid is not less due to the merger.

(4) A demand for a decision by the District Court must be submitted within two weeks of the creditor demanding payment or the provision of security.

Section 116. *Implementation of the merger*

(1) When the deadline for objections pursuant to section 114 has expired for all the enterprises involved in the merger and the relationship with creditors that have submitted objections pursuant to section 115 has been determined, a transferor enterprise shall notify the Register of Business Enterprises that the merger is to be implemented. If the transferee enterprise is an existing enterprise, this enterprise may give notice that the merger is to be implemented instead.

(2) Even if the relationship with creditors that have submitted objections pursuant to section 115 has not been clarified, the District Court may, following a demand from the enterprise to which the claim relates, decide that the merger can be implemented and notified to the Register of Business Enterprises.

(3) The implementation of the merger takes place by the registration of a notification pursuant to subsections one and two. Implementation has the following effects:

1. the transferor enterprise(s) is/are dissolved,
2. the transferee enterprise is established and registered, or the total membership contributions in the enterprise are increased,
3. the members of the transferor enterprise(s) become members of the transferee enterprise,
4. the transferor enterprise(s) has/have transferred assets, rights and liabilities to the transferee enterprise,
5. other effects stipulated in the merger plan.

(4) The transferee enterprise shall store the transferor enterprise's or enterprises' accounting materials and books in accordance with section 13 of the Norwegian Bookkeeping Act for at

least 10 years after the merger has been registered. It must be possible to provide the transferor enterprise's registered accounting information on the merger date in accordance with section 6 of the Bookkeeping Act for at least 10 years after the merger has been registered.

Section 117. *Invalid merger*

(1) Legal proceedings claiming that the enterprise's decision to merge is to be ruled invalid must be brought before the merger is registered in the Register of Business Enterprises pursuant to section 116. Legal proceedings that are brought after the deadline has expired shall be rejected.

(2) Should legal proceedings claiming that the merger is invalid be raised, the District Court shall allow the enterprise a period of three months in which to rectify the circumstances on which the legal proceedings are based.

(3) A judgement ruling that a merger decision is invalid has an effect on every party in the enterprise.

(4) Should the merger decision have been notified to the Register of Business Enterprises pursuant to section 116, the court shall notify the Register of Business Enterprises of the judgement without delay and the Register shall announce the judgement at the enterprise's expense in the Brønnøysund Central Register's electronic announcement publication and in a newspaper which is commonly read in the enterprise's place of business. The announcement in the newspaper may be in an abbreviated form, with reference to the electronic announcement.

(5) Should an annual meeting resolution be ruled invalid, the enterprise is jointly and severally liable with the other enterprises that are involved in the merger for debts incurred during the period between the date when the merger should have taken effect and the announcement of the judgement pursuant to subsection four.

Section 118. *Merger between a cooperative and a wholly owned subsidiary*

(1) Should a cooperative own all the shares in a private limited company or a public limited company, the board of the cooperative may agree on a merger plan which involves the subsidiary transferring assets, rights and liabilities free of charge and at one time to the parent enterprise.

(2) Section 13-23 of the Private Limited Companies Act and section 13-24 of the Public Limited Companies Act apply correspondingly to the implementation of the merger.

Chapter 9. Demerger

Section 119. *The demerger concept*

(1) The splitting up of a cooperative is covered by the demerger rules stated in this chapter when the enterprise's assets, rights and liabilities are to be divided among the enterprise itself (the transferor enterprise) and one or more transferee cooperatives (transferee enterprise(s)),

and all or some of the members of the transferor enterprise are given membership of one or more of the transferee enterprises.

(2) A demerger pursuant to this chapter also takes place if the transferor cooperative is to cease to exist through the demerger and the enterprise's total assets, rights and liabilities are to be divided among two or more transferee cooperatives in return for the members of the transferor enterprise being given membership of one or more of these.

(3) A transferee enterprise may be an existing enterprise or an enterprise that is formed at the time of the demerger.

Section 120. *A demerger resolution*

(1) A demerger resolution is passed by the annual meeting approving a demerger plan, cf section 121.

(2) A demerger resolution requires the same majority as for an amendment to the statutes. Should the demerger mean that the members of a transferor or transferee enterprise are entitled to a larger share of the remaining assets upon dissolution, a four-fifths majority of the votes cast in the enterprise concerned is required. A resolution pursuant to the second sentence may only be passed if there are reasonable grounds for doing so and it requires the approval of the Norwegian Gaming and Foundation Authority. Conditions may be stipulated in such an approval.

(3) The statutes may stipulate stricter resolution requirements than those stated in subsection two.

Section 121. *Demerger plan, et seq.*

(1) The board of the enterprise that is to be divided shall prepare and sign a demerger plan which as a minimum contains information on the factors mentioned in section 104, subsection two. In addition, the demerger plan shall state:

1. the distribution of assets, rights and liabilities to the enterprises involved in the demerger,
2. the distribution of memberships and any other payment to the members of the transferor enterprise.

(2) If the transferee enterprise is an existing enterprise, the demerger plan shall contain any proposed amendments to the statutes of the transferee enterprise. If the transferee enterprise is to be formed upon the demerger, the plan shall instead contain a draft memorandum of incorporation for the transferee enterprise, cf sections 8 to 10.

(3) In the case of a demerger involving a transfer to one or more existing cooperatives, the boards of the participating enterprises shall prepare a common demerger plan.

(4) The provisions stipulated in sections 105 to 110 apply correspondingly.

Section 122. *Duty of disclosure*

The board of the enterprise that is to be divided shall inform its annual meeting and the board of an existing transferee enterprise of significant changes to assets, rights and liabilities that have taken place during the period between the signing of the demerger plan and the demerger plan being discussed at the annual meeting. The board of an existing transferee enterprise has a corresponding duty of disclosure to its annual meeting and to the board of other enterprises that are involved in the demerger.

Section 123. *Application to the Norwegian Gaming and Foundation Authority, notification to the Register of Business Enterprises, notice to creditors to submit claims, et seq.*

The provisions stipulated in sections 112 to 115 apply correspondingly in the case of a demerger.

Section 124. *Implementation, et seq*

(1) The provisions stipulated in section 116 apply correspondingly in the case of a demerger, apart from the provisions stipulated in section 116, third subsection, second sentence.

(2) The implementation of the demerger has the following effects:

1. the transferor enterprise is dissolved or only the remaining part exists,
2. the transferee enterprise(s) is/are established and registered, or the total membership contribution in an existing enterprise is increased,
3. all or some of the members of the transferor enterprise become members of one or more transferee enterprises,
4. the assets, rights and liabilities of the transferor enterprise are wholly or partially transferred to one or more transferee enterprises,
5. other effects stipulated in the demerger plan.

Section 125. *Invalid demerger*

The rules governing an invalid merger stipulated in section 117 apply correspondingly to a demerger.

Section 126. *Distribution of assets, rights and liabilities*

(1) If it is impossible on the basis of the demerger plan to determine which enterprise is to own an asset, the asset is to be owned jointly by the enterprises according to the percentage of the net assets allocated to each enterprise under the demerger. The same applies to rights other than rights of ownership.

(2) If it is impossible on the basis of the demerger plan to determine which enterprise is to be liable for a debt that had arisen prior to the implementation of the demerger, the enterprises that are involved in the demerger are jointly and severally liable for this debt.

(3) If the enterprise that is liable for a debt pursuant to the demerger plan does not settle the debt, the enterprises that are involved in the demerger are jointly and severally liable for the

debt. However, the liability of each of the other enterprises is limited to an amount equal to the net assets allocated to the enterprise under the demerger.

Chapter 10. Dissolution, et seq

Section 127. *A dissolution resolution*

(1) A resolution to dissolve a cooperative is to be passed by the annual meeting with the same majority as for an amendment to the statutes. The statutes may stipulate stricter requirements as to the resolution.

(2) Should circumstances exist which, according to the statutes, are to lead to the dissolution of the enterprise or if the enterprise is to be dissolved as a result of a legal provision, the annual meeting shall pass a resolution to dissolve the enterprise as quickly as possible. This resolution requires a majority of the votes cast.

(3) The annual meeting cannot pass a resolution to dissolve the enterprise after a judgement pursuant to section 141 has ruled that the enterprise is to be dissolved.

Section 128. *Liquidation committee and other enterprise bodies*

(1) When it has been decided to dissolve the enterprise, the annual meeting is to elect a liquidation committee which is to replace the board and general manager. This committee is elected for an indeterminate period and its members may be dismissed by giving them three months' notice.

(2) The rules governing the board in chapter 6, including the rules governing the right of employees to elect directors, apply correspondingly to the liquidation committee.

(3) The rules governing the annual meeting, supervisory body and control committee apply in so far as they are appropriate while the enterprise is being dissolved.

Section 129. *Notification to the Register of Business Enterprise*

A resolution to dissolve an enterprise shall be notified to the Register of Business Enterprises as soon as the liquidation committee has been elected. This notification shall contain information on the members of the liquidation committee.

Section 130. *Notice to creditors to submit claims*

(1) When notification of a dissolution is registered, the Register of Business Enterprises shall announce the decision to dissolve the enterprise. In the announcement, the enterprise's creditors shall be notified that they must report their claims to the chairman of the liquidation committee within two months of the announcement in the Brønnøysund Register Centre's electronic announcement publication. The name and address of the chairman of the liquidation committee shall be stated in the announcement.

(2) The announcement shall be published in the Brønnøysund Register Centre's electronic announcement publication and twice, with at least a one-week interval, in a newspaper which

is commonly read at the enterprise's place of business. The announcement in the newspaper may be in an abbreviated form and refer to the electronic announcement.

(3) All the creditors with a known address shall, in so far as possible, be notified separately by the enterprise.

Section 131. *The enterprise's position while it is being liquidated*

(1) Once it has been decided to dissolve the enterprise, the enterprise shall add the words "in liquidation" to its name on letters, announcements and other documents.

(2) The enterprise's operations may continue for as long as this is desired in order to carry out the liquidation in an expedient manner.

(3) While the enterprise is being liquidated, the annual accounts shall be presented, audited and sent to the Norwegian Register of Accounts according to the same rules as before.

Section 132. *Liquidation balance sheet, et seq.*

(1) The liquidation committee shall prepare an overview of the enterprise's assets, rights and liabilities and prepare a balance sheet with liquidation in mind. The balance sheet of an enterprise that has a statutory duty to be audited pursuant to the Auditors Act must be audited.

(2) The overview and balance sheet shall be made available for inspection by the members at the enterprise's office. A copy of the balance sheet, if relevant with an auditor's report, shall be sent to all the members with a known address or shall be made available to the members in some other suitable manner. A member is entitled, upon request, to be sent a copy of the balance sheet with the auditor's report

Section 133. *Settlement of debts*

(1) The liquidation committee shall ensure that the enterprise's debts are settled to the extent that creditors have not waived their claims or agreed to accept another party as the debtor instead.

(2) Should it be impossible to find a creditor, or a creditor refuses to accept the amount owed to the creditor, the sum is to be deposited in the Bank of Norway according to the rules stipulated in the Act no. 2 of 17 February 1939 on the right to deposit an item of debt.

Section 134. *Conversion of assets and rights into money*

The enterprise's assets and rights shall be converted into money in so far as this is necessary for settling debts. Apart from this, the assets or rights shall be converted into money unless the members agree otherwise.

Section 135. *Distribution to the members and other use of remaining assets*

(1) No distribution to the members or other use of the remaining assets may take place until the enterprise's debts have been settled and at least two months have elapsed since the

announcement of the notice to creditors to submit claims in the Brønnøysund Register Centre's electronic announcement publication pursuant to section 130.

(2) Such payments may nonetheless take place if all that remains are uncertain or disputed debts and an amount which is sufficient to cover these has been set aside. Unless otherwise agreed on, this amount is to be deposited in a joint account in the names of the enterprise and the creditor concerned, so that a withdrawal can only take place with the written consent of both parties or pursuant to a final and enforceable judgement.

(3) The members of the enterprise are entitled to be paid their membership contributions and the balance of the members' capital accounts if there are any assets left in the enterprise once the debts have been settled. The members are only entitled to be paid interest on their membership contributions or members' capital accounts if the statutes stipulate that interest is to be accrued on these. The statutes may stipulate that, if the enterprise is dissolved, the members shall not be entitled to be repaid their membership contributions or the balance of their members' capital accounts.

(4) Assets remaining in excess of this shall be spent on cooperative or non-profit purposes. In a secondary cooperative, the assets shall instead be divided among those that are members on the dissolution date unless otherwise stated in the statutes. In such case, the provisions stipulated in the fifth subsection, second and third sentences apply correspondingly.

(5) The statutes may stipulate that the remaining assets shall in whole or in part become the property of those that are members on the dissolution date, and possibly also previous members. The distribution of the assets must in such case take place on the basis of the members' trade with the enterprise during the past five years. The statutes may stipulate a period other than five years, but this period cannot be less than one year.

(6) An amendment to the statutes which means that the members receive a larger share of the remaining assets in the case of a dissolution requires a four-fifths majority of the votes cast. Such an amendment to the statutes may only be made if there are reasonable grounds for this and requires the approval of the Norwegian Gaming and Foundation Authority. Conditions may be stipulated for such approval. The approval shall be enclosed with the notification of the amendment to the statutes sent to the Register of Business Enterprises.

Section 136. *Final dissolution*

(1) Once the assets have been distributed, the liquidation committee shall present an audited settlement to the annual meeting. When the settlement has been approved, notification that the enterprise has been finally dissolved is to be sent to the Register of Business Enterprises. The requirement stipulated in the first sentence that the settlement is to be audited does not apply to enterprises that do not have a statutory duty to be audited pursuant to the Auditors Act.

(2) The provisions relating to compensation stipulated in sections 155 to 157 also apply after the enterprise has been finally dissolved.

(3) The liquidation committee shall ensure that accounting materials are taken care of in accordance with section 13 of the Bookkeeping Act for at least 10 years after the final dissolution. The same applies to the enterprise's books. It must be possible to reproduce

registered accounting information in accordance with section 6 of the Bookkeeping Act for at least 10 years after the final dissolution.

Section 137. *Subsequent distribution*

The amounts that have been set aside pursuant to section 135, second subsection that become the property of the enterprise or which otherwise prove to belong to the dissolved enterprise are to be dealt with as stated in section 135, third to fifth subsections. If the amount is so little that a subsequent distribution to the members will give rise to disproportionate inconvenience or cost, the liquidation committee may instead use the amount for cooperative or non-profit purposes.

Section 138. *Liability for unsettled debts*

(1) In relation to creditors that have not received payment pursuant to section 133 and are also not sufficiently secured by amounts set aside pursuant to section 135, second subsection, the members are jointly and severally liable up to the value of that which the member concerned has received as a distribution pursuant to section 135. In relation to such a creditor, the members of the liquidation committee are also jointly and severally liable without limitation unless it is proven that they have acted properly.

(2) As regards payments from the members, the amount shall be divided among the members according to the amount that each member has received as a distribution. Section 2, third subsection of Act no. 1 of 17 February 1939 on debt instruments applies correspondingly.

(3) Claims pursuant to subsection one are time-barred three years after the final dissolution of the enterprise has been registered in the Register of Business Enterprises.

Section 139. *Reversal of a resolution to dissolve the enterprise*

(1) A resolution to dissolve the enterprise may be reversed by the annual meeting with the same majority as was necessary for the resolution to dissolve the enterprise. If the enterprise has been dissolved due to provisions in an Act or statutes, the resolution may only be reversed if the grounds for the dissolution no longer exist.

(2) If the enterprise has distributed assets to the members pursuant to section 135, reversal may only take place if the members return the assets to the enterprise.

(3) The reversal of a resolution to dissolve the enterprise and the members of the new board shall be notified immediately to the Register of Business Enterprises.

Section 140. *The District Court assumes responsibility for the liquidation*

(1) The District Court may, in a judgement, decide to assume responsibility for liquidating the enterprise should there be special grounds for this, provided

1. the enterprise has not been reported to the Register of Business Enterprises as being finally dissolved at the latest one year after the registration of a notification pursuant to section 129, or

2. at least one fifth of the members request this.

(2) The board or, if relevant, the liquidation committee, shall be given an opportunity to state its views before a decision is reached. The Register of Business Enterprises shall notify the District Court that the deadline pursuant to the first subsection has expired.

(3) Should the District Court have assumed responsibility for the liquidation, the further liquidation shall take place in accordance with the rules stipulated in section 144. The judgement has the effect of a judgement ordering the commencement of bankruptcy proceedings pursuant to chapter VIII of the Bankruptcy Act.

(4) Should the enterprise have been dissolved pursuant to provisions in an Act or statutes, the estate may be returned to the enterprise pursuant to section 136 of the Bankruptcy Act if the grounds for dissolution no longer exist. Section 139, subsection two, applies correspondingly.

Section 141. *Dissolution following a District Court judgement*

(1) Should the annual meeting not decide to dissolve the enterprise, the District Court shall in a judgement state that the enterprise is to be dissolved in the following cases:

1. when the enterprise is to be dissolved as a result of provisions stipulated in an Act or statutes,
2. when the enterprise has not notified the Register of Business Enterprises of a board that meets the requirements stated in provisions stipulated in or pursuant to an Act,
3. when the enterprise shall, according to the law, have a general manager and has not notified the Register of Business Enterprises of a general manager that meets the requirements stipulated by law,
4. when the enterprise is obliged to be audited pursuant to the Auditors Act and has not notified the Register of Business Enterprises of an auditor that meets the conditions stipulated by law,
5. when the annual accounts, annual report and auditor's report that the enterprise is to submit to the Register of Accounts in accordance with section 8-2 of the Accounting Act have not been submitted six months after the deadline for such submission or when the Register of Accounts cannot, once the deadline has expired, approve the submitted material as being annual accounts, an annual report and an auditor's report.

(2) The Court may only decide that the enterprise is to be dissolved as a result of provisions in the statutes when a member has put forward a claim to this effect and the annual meeting has not passed a resolution regarding a dissolution pursuant to section 127.

Section 142. *Treatment of dissolution cases pursuant to section 141*

(1) When the conditions stipulated in section 141, first subsection, nos. 1 to 4 have been met, the Register of Business Enterprises shall notify the enterprise of this. In cases such as those mentioned in section 141, first subsection, no. 5, the Register of Accounts shall provide this notification. The enterprise shall be given a period of one month in which to rectify the circumstances. The consequences of this deadline not being met shall also be stated.

(2) Should the enterprise not have rectified the circumstances by the deadline, the Register of Business Enterprises or Register of Accounts shall provide notification once more by an announcement in the Brønnøysund Register Centre's electronic announcement publication and in an abbreviated form in a newspaper that is commonly read at the enterprise's place of business. The announcement shall state that the conditions for dissolving the enterprise have been met and that the enterprise has a period of four weeks from the announcement in the Brønnøysund Register Centre's electronic announcement publication to rectify the circumstances. The consequences of the deadline not being met shall also be stated.

(3) Should this be expedient, the District Court may provide notification pursuant to these provisions.

Section 143. *The District Court judgement*

(1) Should the enterprise have failed to meet the deadline stated in section 142, second subsection, the Register of Business Enterprises or Register of Accounts shall notify the District Court of this.

(2) The District Court shall without further notice hand down a judgement stating that the enterprise is to be dissolved pursuant to section 141, unless a resolution to dissolve the enterprise has already been passed by the annual meeting. The judgement has the effect of a judgement ordering the commencement of bankruptcy proceedings pursuant to chapter VIII of the Bankruptcy Act.

(3) Should important social considerations so indicate, the King may on his own initiative issue an order stating that the enterprise may continue to operate and that the case is not to be sent to the District Court for a compulsory dissolution after all, but that the enterprise is instead to be given an additional deadline before the compulsory dissolution is carried out. The King shall issue a decision stating that the enterprise shall in such case pay enforcement damages to the State from a date that is set until the matter is rectified.

Section 144. *The liquidation of the enterprise*

(1) When the District Court has ordered that the enterprise is to be dissolved, the enterprise shall be liquidated in accordance with the provisions of the Norwegian Bankruptcy Act and Satisfaction of Claims Act.

(2) The estate may only be handed back to the enterprise pursuant to section 136 of the Bankruptcy Act if the grounds for dissolution no longer exist.

Chapter 11. Conversion to a private limited company or public limited company

Section 145. *The conversion concept*

(1) The provisions of this chapter refer to the conversion of a cooperative to a private limited company or a public limited company.

(2) A conversion exists if a cooperative transfers assets, rights and liabilities at the same time to a private limited company or a public limited company that is formed by the conversion

and the members of the converted cooperative become shareholders of the private limited company or public limited company.

(3) The conversion does not require the consent of the society's creditors.

Section 146. *Resolution to convert a cooperative*

(1) A resolution to convert a cooperative is passed by the annual meeting approving a conversion plan, cf sections 147 and 148.

(2) In a cooperative where the members are entitled to all the remaining assets in the case of a dissolution, a resolution to convert the society requires the same majority as a resolution to amend the statutes unless the statutes stipulate stricter requirements regarding this resolution. In other cooperatives, a four-fifths majority of the votes is required. A resolution pursuant to the second sentence may only be passed if there are reasonable grounds for this and requires the approval of the Norwegian Gaming and Foundations Authority. Conditions may be stipulated in such an approval.

(3) At the time of conversion, the cooperative's equity must at least equal the share capital the company is to have as a private limited company or public limited company. The rules stipulated in sections 2-6 and 2-7 of the Private Limited Companies Act and Public Limited Companies Act apply correspondingly unless otherwise stated in this Act.

Section 147. *Conversion plan*

(1) The board is to prepare and sign a conversion plan containing draft amendments to the statutes.

(2) The conversion plan shall as a minimum contain:

1. the date from which transactions in the converted enterprise shall be shown for accounting purposes as being carried out for the account of the private limited company or public limited company,
2. the distribution of shares between the members of the cooperative, cf subsection three,
3. the parties that are to be directors of the company and the party that is to be the company's auditor,
4. special rights or benefits that the directors or general manager are to be given upon the conversion,
5. draft articles of association of the company, cf section 2-2 of the Private Limited Companies Act and Public Limited Companies Act.

(3) The distribution of the shares shall take place in accordance with the provisions stipulated in section 135, fifth subsection, second and third sentences.

Section 148. *Annexes to the conversion plan*

(1) The following shall be enclosed as annexes to the conversion plan:

1. the previous year's annual accounts, annual report and auditor's report for cooperatives that are subject to a statutory duty to keep accounting records and be audited,
2. a draft opening balance sheet for the company.

(2) The opening balance sheet is to be prepared in accordance with prevailing accounting rules. A state-authorized or registered auditor must provide a report stating that the balance sheet has been prepared in accordance with these rules. The opening balance sheet and auditor's report must be dated at the earliest eight weeks prior to the annual meeting resolution regarding a conversion. The King may issue more detailed regulations governing the requirements as to the opening balance sheet. These regulations may grant exemption from the rules stipulated in the first to third sentences.

Section 149. *Report on the conversion, relationship with the employees, notification to the members*

The provisions stipulated in sections 107, 109 and 110 apply correspondingly to a conversion in so far as they are appropriate.

Section 150. *Application to the Norwegian Gaming and Foundation Authority*

The provisions stipulated in section 112 apply correspondingly to a conversion.

Section 151. *Notification to the Register of Business Enterprises*

(1) The enterprise shall notify the Register of Business Enterprises of the conversion resolution within three months after the annual meeting approves the conversion plan, cf section 146, first subsection.

(2) Should the resolution require the approval of the Norwegian Gaming and Foundation Authority (cf section 146, second subsection), the enterprise shall not notify the Register of Business Enterprises of the resolution until approval has been granted and the period allowed for appeals pursuant to the Norwegian Public Administration Act has expired or the Ministry has decided on an appeal. The deadline for notifying the resolution is three months after the deadline for appeals has expired or the Ministry has decided on an appeal. The approval shall be enclosed with the notification to the Register of Business Enterprises.

(3) If the resolution has not been notified to the Register of Business Enterprises by the deadline stated in the first and second subsections, registration cannot take place. The resolution is in such case no longer binding. The same applies if registration is refused due to an error which cannot be rectified.

Section 152. *Implementation of the conversion*

The conversion to a private limited company or a public limited company takes place when the conversion resolution is registered in the Register of Business Enterprises. Implementation has the following effects:

1. the cooperative is converted into a private limited company or a public limited company,

2. the members of the cooperative become shareholders of the private limited company or public limited company,
3. the assets, rights and liabilities of the cooperative are taken over by the private limited company or public limited company,
4. other effects that follow from the conversion plan.

Chapter 12. Compensation, et seq

Section 153. *Liability to pay compensation*

(1) The enterprise, member or another party may demand that a general manager, director, member of the supervisory body or control committee, investigator or member is to pay compensation for loss or damage that they, in their aforementioned capacity, have wilfully or negligently caused to the party concerned.

(2) The enterprise, member or another party may also demand compensation from a party that has wilfully or negligently contributed to causing the loss or damage mentioned in the first subsection. Compensation may be claimed from the party that has contributed to the loss or damage even if the party causing the loss or damage cannot be held liable because this party did not act wilfully or negligently.

Section 154. *Reduction*

The liability to pay compensation pursuant to section 153 may be reduced pursuant to section 5-2 of the Norwegian Act on compensation in certain circumstances.

Section 155. *Resolution to submit a claim*

(1) The annual meeting decides whether the enterprise is to submit a claim for compensation pursuant to section 153. Should debt settlement proceedings or bankruptcy proceedings have commenced, the provisions of the Bankruptcy Act apply.

(2) Subsection one applies correspondingly to the entry into of an advance agreement between the enterprise and a party mentioned in section 153 that regulates or limits their liability to pay compensation.

Section 156. *Claims on behalf of the enterprise*

(1) Should the annual meeting have granted an exemption from liability or rejected a proposal to claim compensation pursuant to section 153, one tenth of the members, subject to a minimum of five members, that have subscribed for membership prior to the last year-end may enforce a liability to pay compensation on behalf of and in the name of the enterprise. Should legal proceedings regarding compensation have been initiated, these may continue even if some members withdraw from the legal proceedings or withdraw from the enterprise.

(2) Legal proceedings regarding compensation must be brought by a common legal representative within three months of the resolution being passed by the annual meeting. Should an investigation have been demanded pursuant to sections 59 to 61, the deadline is to

be calculated from the date when the claim is finally rejected or the investigation is terminated.

(3) The enterprise is not liable for the costs of the legal proceedings regarding compensation. These costs may nonetheless be claimed from the enterprise up to the amount by which the enterprise has benefited from the legal proceedings.

(4) This section does not apply when a resolution as mentioned in the first subsection has been passed with the majority required for an amendment to the statutes. The same applies if a settlement has been reached.

Section 157. *Exemption from liability*

Should the annual meeting have passed a resolution granting an exemption from liability or stating that liability is not to be enforced, the enterprise may nonetheless submit a claim based on circumstances which, regarding significant aspects, the annual meeting did not obtain correct, full information on when the resolution was passed.

Section 158. *Competing claims*

Members, creditors or others that have suffered a loss because the enterprise has suffered a loss are bound by the claims settlement with the enterprise and their claims take priority after the enterprise's claims.

Section 159. *Other claims on behalf of the enterprise*

(1) The provisions stipulated in sections 155 to 157 apply correspondingly to the authority to demand a public prosecution and bring a private prosecution.

(2) The provisions stipulated in sections 156 and 157 apply correspondingly to the enterprise's claims for amounts to be returned pursuant to section 31, subsection two.

Chapter 13. Rules governing legal proceedings

Section 160. *Lawsuits between the enterprise and the board*

In lawsuits between the enterprise and the board or individual directors, the annual meeting shall choose one or more persons to represent the enterprise in the lawsuit. Should this not be done, service on the enterprise may be made on one of the members.

Section 161. *The proceedings in the District Court, et seq*

(1) When the District Court deals with cases pursuant to this Act, the rules stipulated in sections 22 to 25 of the Norwegian Probate Act apply unless otherwise stipulated in this Act.

(2) Judgements and other decisions reached by the District Court pursuant to this Act may be appealed against unless otherwise stated in this Act.

(3) An appeal cannot be based on the judgement or decision being inexpedient or disadvantageous. This does not apply to judgements pursuant to sections 59 to 61.

Chapter 14. Entry into force and transitional rules. Amendments to other Acts

Section 162. *Entry into force*

The Act is valid from the date stipulated by the King. The individual provisions may enter into force on different dates.

Section 163. *Transitional rules*

1. Cooperatives or financial associations that are established before the Act enters into force are not subject to the Act until five years after the date of the Act's entry into force. The annual meeting may, with the same majority as for an amendment to the statutes, decide that the society or association is to be registered as a cooperative (SA) in the Register of Business Enterprises at an earlier date. In such case, the society or association shall be notified to the Register of Business Enterprises within three months of this decision being reached or the resolution will no longer be valid. The enterprise is subject to the Act from the date when it is registered.
2. Cooperatives and financial associations that are established before the Act enters into force are to ensure that their statutes comply with the Act within five years after the Act's entry into force date, or by any earlier date pursuant to the second sentence of item no. 1. The amendments to the statutes are to be notified to the Register of Business Enterprises.

Amendments to the statutes that are necessary to bring the statutes into compliance with the Act may be determined by the annual meeting subject to a majority of the votes cast. In the case of a tied vote, the meeting chairman decides what the resolution is to state even if the meeting chairman is not entitled to vote.

Should the statutes not have been brought into compliance with the Act by the deadline stipulated in subsection one and the enterprise does not make the necessary amendments following a demand by the Register of Business Enterprises, the District Court shall, pursuant to a notification from the Register of Business Enterprises, rule that the enterprise is dissolved. The provisions stipulated in sections 141 to 144 apply correspondingly.
3. An enterprise which, on the date when the Act comes into force, has a scheme involving marketable shares, may maintain this scheme after the Act comes into force. Shares may only be sold to other members or to persons who become members when buying shares.
4. An enterprise whose statutes, on the date when the Act comes into force, entitle its employees to be represented at the annual meeting and possibly on the supervisory body may maintain these schemes after the Act comes into force.
5. The amendments stipulated in section 164, no. 22 relating to section 2-2 of Act no. 79 of 21 June 1985 on the sole right to an enterprise's name and other business characteristics (the Enterprise Name Act) also apply to an enterprise name that was in use before the Enterprise Name Act came into force.
6. No fee is payable for the Register of Business Enterprise's announcement of changes to the enterprise name as a result of section 164, no. 22.
7. As regards building associations and mutual insurance companies that were established and registered in the Register of Business Enterprises before section 164, nos. 35 and 38 came into force, the composition of the board shall comply with the Act within two years

after the entry into force of the Act.

8. The King may issue more detailed transitional provisions.

Section 164. *Amendments to other Acts*

As from the date when the Act enters into force, the following amendments are to be made to other Norwegian Acts:

1. In Act no. 10 of 22 May 1902, the General Civil Penal Code (the Penal Code), the following amendments are to be made:

Section 48 a, second subsection, shall state:

Enterprise here means a firm, cooperative, association or other group, sole proprietorship, foundation, estate or public enterprise.

Section 79, first subsection, first sentence shall state:

Should the aggrieved party be a firm, cooperative, association or foundation, an application for a public prosecution may be made by the board of directors.

2. In Act no. 5 of 13 August 1915 on the courts of justice (Courts Act), the following amendments are to be made:

Section 106 no. 5 shall state:

5. when he manages, or is a director or alternate director of, a firm, cooperative, association, savings bank, foundation or public institution or the chairman or deputy chairman of a municipal council or county council that is in a position in relation to the case as mentioned in no. 1, or when he is the administrator/receiver/trustee, or is a member of the administrators, of an estate that has such a relationship with the case and it is not the District Court itself that administers the estate;

Section 191, second subsection, shall state:

For public institutions, foundations, savings banks, associations, firms, cooperatives, state-owned enterprises or estates, service of process/announcements and notifications are to be accepted by the party that manages their business or, if they are managed by several people in the association, by the chairman of the board. Should there be no chairman, these may be sent to any director.

3. In Act no. 16 of 14 December 1917 on the acquisition of waterfalls, mines and other real estate, et seq, section four, first subsection, second and third sentences shall state:

The same applies to private limited companies, public limited companies, cooperatives and other business combinations in which at least 2/3 of the capital and votes are owned by enterprises organised pursuant to the Act on state-owned enterprises or by one or more municipalities or county councils, provided the development of the waterfall in question is mainly to be used for public electricity supply. The state has a pre-emptive right to purchase the shares or parts pursuant to this provision provided 2/3 of the capital and votes in private limited companies, public limited companies, cooperatives and other business combinations are no longer owned by one or more municipalities or county councils.

4. In Act no. 17 of 14 December 1917 on the regulation of watercourses, section 10, no. 2, first subsection, shall state:

2. When a licence to regulate is mainly to be used for public electricity supply and other public considerations do not weigh heavily against this, a licence to regulate may be given for an unlimited period for watercourses whose hydropower is to be harnessed by enterprises organised in accordance with the State-owned Enterprises Act, a Norwegian municipality or several Norwegian municipalities or county councils jointly, or by private limited companies, public limited companies, cooperatives or other business combinations in which at least 2/3 of the capital and votes are owned by enterprises organised in accordance with the State-owned Enterprises Act, or by one or more municipalities or county councils.

5. Act no. 4 of 25 June 1936 on individual provisions relating to dairy companies is to be repealed.

6. In Act no. 1 of 17 February 1939 on debt instruments, the following amendments shall be made:

Section 4 shall state:

Bearer instruments shall be paid in the debtor's business premises unless otherwise stipulated.

The same applies to many debt instruments that are issued at the same time and with the same wording (multiple debt instruments) and debt instruments issued by banks or cooperatives for amounts borrowed.

Section 30 shall state:

Pass books for banks and cooperatives are to comply with the provisions regarding individual debt instruments.

7. In Act no. 13 of 8 July 1949 on the production, transport and sale of bait, section 1, first subsection, no. 1 shall state:

1. that the sale of bait to fishermen shall only take place through a fishermen's cooperative whose statutes have been approved by the Ministry concerned;

8. In Act no. 3 of 14 December 1951 on the sale of raw fish, section 3, first subsection, shall state:

The Ministry concerned may, pursuant to section 2 of this Act, approve statutes for fishermen's sales organisations when the fishermen or owners of boats or tools may become members through direct membership or through membership of a boat association, local sales association or the professional fishermen's organisation and the sales organisation is a cooperative.

9. In Act no. 1 of 24 May 1961 on savings banks, section 18, first subsection, second sentence shall state:

Nor may he participate in the discussions relating to or decision on any matter which is of special financial interest to a municipality, firm, cooperative, association or other public or private institution whose interests he is responsible for safeguarding in his capacity as a chairman of a municipal council, director, general manager, business manager or representative of a party.

10. In Act no. 2 of 24 May 1961 on commercial banks, the following amendments shall be made:

Section 1, third subsection shall state:

Cooperatives may receive deposits from their members without falling under the provisions of this Act. A cooperative which accepts deposits from its members shall notify Kredittilsynet (the Financial Supervisory Authority of Norway) of this, stating the extent of the scheme and how the deposits can be utilised. Kredittilsynet shall order that satisfactory security is to be established for the deposits if deposits are received from an indeterminate circle. Kredittilsynet may stipulate rules defining that which is to be regarded as satisfactory security. A cooperative that accepts deposits from its members and the security schemes to safeguard such deposits may be made subject to the supervision of Kredittilsynet pursuant to further rules issued by the King.

Section 17, first subsection, second sentence shall state:

Neither may he participate in the proceedings regarding or decision on any matter which is of special financial interest to a municipality, firm, cooperative, association or other public or

private institution whose interests he is responsible for safeguarding in his capacity as chairman of a municipal council, director, managing director, general manager or representative.

11. In Act no. 23 of 21 June 1963, the Road Traffic Act, section 55, sixth subsection shall state:

That which is stipulated in this section regarding the individual's rights and obligations also applies if the responsibility for managing the road belongs to a joint ownership, a cooperative or is organised in some other way.

12. In the Act of 10 February 1967 on the procedure in cases concerning the public administration (Public Administration Act), section 6, first subsection, letter e shall state:

- e) if he is the head of, or holds a senior position in, or is a member of the board or the corporate assembly of, a firm which is a party to the case and which is not wholly owned by the State or a municipality, or a cooperative, an association, a savings bank or foundation that is a party to the case.

13. In Act no. 13 of 7 July 1967 on the regulation of the rent, et seq, for dwellings, section 3, second subsection, no. 2 shall state:

- 2. the renting out of a dwelling in a house that is owned by a private limited company, public limited company or cooperative in which the tenant is a shareholder or unit holder. The same applies to the subletting of such dwellings.

14. In Act no. 66 of 19 June 1969 on value added tax, the following amendments shall be made:

Section 11, second subsection, third sentence shall state:

The provisions in this section shall not apply to institutions or any activity organised as a private limited company, public limited company, cooperative or State enterprise.

Section 44 a, first subsection, first sentence shall state:

The Ministry may issue regulations to the effect that associations and organisations (cooperatives) which mainly sell products resulting from their members' fishing, forestry or agriculture with subsidiary activities, may enter the tax amounts in their settling of accounts with suppliers that are not registered with the tax authorities.

Section 51, first subsection, shall state:

The obligation to provide information according to the provisions of this chapter rests, in a sole proprietorship, with the proprietor; in a firm, cooperative, association, institution or other body, with the general manager of the enterprise, or with the chairman of the board of directors if there is no general manager.

Section 52, second subsection shall state:

Injunctions to firms, cooperatives, associations, bodies or organisations shall be addressed to the board and shall be sent in a registered letter to each member. The fine may be collected from members of the board as well as from the firm, cooperative, association, body or organisation.

15. In Act no. 71 of 10 June 1977 on the recognition and enforcement of Nordic sentences in the area of private law, section 7, no. 1, letter f shall state:

- f) decisions or settlements regarding bankruptcy proceedings, public debt settlement proceedings or the reversal or setting aside, due to bankruptcy, of legal rights that have been created, unless the decision or settlement applies to the reversal or setting aside of legal rights that have been created due to bankruptcy proceedings that have commenced in Denmark, Finland, Iceland, Norway or Sweden and the court based its authority, when instituting the bankruptcy proceedings, on the fact that the debtor is or was at the time of his death a resident of the country, or that a firm, cooperative, association or foundation had its headquarters in the country.

16. In Act no. 49 of 9 June 1978 on reindeer husbandry, section 17, third subsection shall state:

A cooperative, private limited company, public limited company or similar group is only entitled to register one reindeer mark.

17. In Act no. 2 of 8 February 1980 on mortgages/charges, the following amendments are to be made:

A new section 4-2 b shall state:

Section 4-2b. *Membership of a cooperative*

A charge on a membership of a cooperative on which a charge can be created pursuant to section 21 of the Cooperatives Act obtains legal protection by the enterprise receiving notification that the charge has been created. The provisions stipulated in section 1-4 do not apply to a charge that obtains legal protection in this way. If the membership is linked to real

property (cf section 2-2, first subsection, letter c), the charge obtains the protection of the law by being officially registered in the Register of Land and Land Charges.

Section 5-7 shall state:

Section 5-7. *Distraint on securities, financial instruments registered in a securities register, redemption papers, shares, memberships of a cooperative or non-negotiable claims*

(1) A distraint on securities acquires legal protection according to the possessory lien rules stated in section 3-2, subsections two and three.

(2) A distraint on redemption papers that are not securities acquires legal protection according to the possessory lien rules stated in section 3-2, second and third subsections, provided notice has been given to the debtor according to the paper, pursuant to the rules stipulated in section 4-5 above.

(3) A distraint on shares that are not registered in a securities register acquires legal protection pursuant to the rules stipulated in section 4-2 a, second subsection.

(4) A distraint on a membership of a cooperative acquires legal protection pursuant to section 4-2 b.

(5) A distraint on non-negotiable claims acquires legal protection pursuant to the rules stipulated in section 4-5, first subsection. Sections 25 to 28 of the Act of 17 February 1939 relating to debt instruments apply correspondingly.

(6) In those cases that are mentioned in the previous subsections, the distraint also acquires legal protection against the defendant's creditors by being officially registered in the defendant's sheet in the Register of Mortgaged Movable Property.

(7) A distraint on financial instruments registered in a securities register acquires legal protection when it is registered in the securities register, cf the Securities Register Act.

18. In Act no. 24 of 13 June 1980 on tax assessment (the Tax Assessment Act), the following amendments are to be made:

Section 6-11 no. 4 shall state:

4. The provisions stipulated in nos. 1-3 apply correspondingly to savings banks, mutual insurance companies, cooperatives consisting of borrowers, and self-owning financing enterprises that have issued primary capital certificates, cf section 2, second subsection of the Savings Bank Act, section 4-2, second subsection of the Insurance Act, and the Financing Activities Act, and to firms and business combinations whose members have limited liability and some of whose members own shares in their assets or receive shares of their income, with the exception of housing companies whose unit holders are taxed pursuant to section 7-3 of the Tax Act.

Section 6-14 nos. 1 to 3 shall state:

1. The duty to submit a statement pursuant to this chapter rests on the proprietor in a sole proprietorship and on the general manager of the operations or, if there is no general manager, the chairman of the board of a firm, cooperative, association, institution or body.
2. The duty to submit a statement pursuant to section 6-2, no. 1 rests with the shipowner and master (captain, master seiner) of a fishing/catching vessel and the duty pursuant to 6-2, no. 1 j, rests with the foreman of the work team. When circumstances such as those mentioned in section 3, second subsection of the Tax Payment Act exist, the duty to submit a statement rests with the party that has a duty to make advance tax deductions. The duty to submit a statement pursuant to section 6-3, no. 4 rests with the board of the fund.
3. In a firm, cooperative, association, institution or body that is not liable to pay tax, the duty to submit a statement also rests with the auditor.

Section 6-17, first subsection, no. 1, second sentence shall state:

For firms, cooperatives, associations, business combinations, etc, the statement shall contain the organisation number or, if no such exists, some other proof of identity according to rules issued by the Directorate of Taxes.

Section 10-6 no. 2 shall state:

2. Orders imposed on firms, cooperatives, associations, bodies or organisations are to be addressed to the board and sent to each member in a registered letter. The enforcement damages may be collected from the directors as well as the firm, cooperative, association, body or organisation.

19. In Act no. 58 of 8 June 1984 on debt negotiations and bankruptcies (the Bankruptcy Act), section 142, fifth subsection shall state:

By firm in the third and fourth subsections is meant a private limited company, public limited company, business department of a foreign firm, commercial foundation, building association, housing cooperative, cooperative, mutual insurance company or state-owned enterprise.

20. In Act no. 59 of 8 June 1984 on creditors' rights to satisfaction of claims (Satisfaction of Claims Act), section 1-3, second and third subsections shall state:

The deadline in the case of a compulsory dissolution according to the Bankruptcy Act's rules of private limited companies pursuant to section 16-15 of the Private Limited Companies Act, cf section 16-18, and of public limited companies pursuant to section 16-15 of the Public Limited Companies Act, cf section 16-18, is the date when an announcement as mentioned in section 16-16, second subsection of the Private Limited Companies Act or section 16-16,

second subsection of the Public Limited Companies Act was made in the Brønnøysund Central Register's electronic announcement publication. The same applies to the compulsory dissolution of a cooperative pursuant to section 141 of the Cooperatives Act, cf section 144.

The deadline in the case of a liquidation pursuant to the Bankruptcy Act's and Satisfaction of Claims Act's rules of private limited companies pursuant to section 16-14 of the Private Limited Companies Act, cf section 16-18, and of public limited companies pursuant to section 16-14 of the Public Limited Companies Act, cf section 16-18, is the date when the District Court decided to assume responsibility for the liquidation. The same applies to the liquidation of a cooperative pursuant to section 140 of the Cooperatives Act, cf section 144.

21. In Act no. 78 of 21 June 1985 on the registration of enterprises, the following amendments are to be made:

Section 2-1, first subsection, shall state:

The following Norwegian enterprises are to be registered:

1. Private limited companies
2. Public limited companies and European companies
3. Other companies operating a business enterprise
4. Cooperatives and European cooperatives (SCEs)
5. Foundations undertaking business activities, cf section 4, second and third subsections of the Norwegian Foundations Act
6. Associations and other bodies undertaking business activities or with the purpose of undertaking business activities
7. Sole proprietorships selling goods purchased for such purposes or which employ more than five permanent employees in full-time posts
8. State-owned enterprises
9. Intermunicipal firms
10. Municipal and county council enterprises
11. Regional health authorities and health authorities, cf Act no. 93 of 15 June 2001 on health authorities, et seq
12. Enterprises that are subject to a duty to register imposed by special legislation

Section 3-2 shall state:

Section 3-2. *(cooperatives and other enterprises with limited liability)*

For cooperatives and other enterprises in which none of the participants is personally liable for the obligations of the enterprise, either in full or for parts which together comprise the enterprise's obligations, section 3-1, first subsection, nos. 1 to 6 apply correspondingly.

For cooperatives, building associations and mutual insurance companies, the register shall also contain information on whether the enterprise is subject to a requirement that both sexes be represented on the board pursuant to section 69 of the Cooperatives Act, section 6-4 a of Act no. 38 of 6 June 2003 on building associations, and section 5-3, second sentence of Act no. 44 of 10 June 2005 on insurance companies, pension institutions and their activities, et seq. If the enterprise is subject to a requirement that both sexes be represented on the board, the register shall also contain information on the gender of the directors and alternate directors and on whether these have been elected from among the employees pursuant to the rules stipulated in section 67 of the Cooperatives Act, section 6-4 of Act no. 38 of 6 June 2003 on building associations, and section 5-1 of Act no. 44 of 10 June 2005 on insurance companies, pension institutions and their activities, et seq.

Unless otherwise stipulated in an Act or pursuant to an Act, the statutes of enterprises referred to in this provision shall contain rules governing the following factors:

1. The enterprise's name
2. The municipality where the enterprise is registered
3. The enterprise's objects
4. The participants' liability for the enterprise's obligations
5. The enterprise's bodies and their areas of authority
6. The parties that represent the enterprise to the outside world and sign on behalf of the enterprise
7. A requirement of a majority vote for decisions
8. The right to transfer ownership of the shares in the enterprise.

Section 4-1, first subsection shall state:

Enterprises that must be registered shall be notified to the register before commercial operations start. Private limited companies, public limited companies and cooperatives shall be notified at the latest three months after the memorandum of incorporation has been signed. Foundations must be notified by the deadlines stipulated in section 13, second and third sentences of the Foundations Act. Other enterprises with limited liability, cf section 3-2, and associations and other bodies as mentioned in section 3-6 whose object is to carry out commercial operations must be notified at the latest six months after the memorandum of incorporation has been signed, even if the commercial operations have not started. The initial notification shall contain the information stated in chapter III.

Section 4-4, letter a shall state:

- a) A copy of the memorandum of incorporation and copy of the minutes of general meetings that show the notified information for a private limited company, public limited company, cooperative and other enterprise with limited liability, association and other body; the partnership agreement for a general partnership, limited partnership and European economic interest grouping, the partnership agreement for an intermunicipal firm, for foundations, the memorandum of incorporation or the decision which otherwise forms the

basis for the foundation, and a copy of a resolution to establish a regional health authority and a health authority.

Section 4-4, letter e shall state:

- e) A declaration from an auditor stating that the information provided regarding the contribution of share capital, partnership capital in a limited partnership, cf section 3-3, nos. 6 and 7, basic capital in a foundation and the contributed capital in a cooperative, state-owned enterprise, intermunicipal firm, regional health authority and health authority is correct. If necessary, also documents and declarations as mentioned in:
1. Section 2-4, second subsection, section 2-5, second subsection, sections 2-6, 2-8, 10-2, 13-10, 14-4, third subsection, cf section 13-10, and section 15-1, second subsection, second sentence of the Private Limited Companies Act
 2. Section 2-4, second subsection, section 2-5, second subsection, sections 2-6, 2-8, 10-2, 13-10 and 14-4, third subsection, cf section 13-10, of the Public Limited Companies Act
 3. Section 11, section 104, second subsection, no. 7, section 121, first subsection, cf section 104, second subsection, no. 7, section 146, third subsection of the Cooperatives Act, cf section 2-6 of the Private Limited Companies Act and section 2-6 of the Public Limited Companies Act, and section 148, first subsection, no. 2 and second subsection of the Cooperatives Act
 4. Section 3-3, third subsection, third sentence of the Partnerships Act
 5. Section 12, first subsection, letter d and second subsection and section 23, second sentence of the Foundations Act.

22. The following amendments are to be made to Act no. 79 of 21 June 1985 on the sole right to an enterprise's name and other business characteristics (the Enterprise Name Act):

Section 2-2, eighth subsection shall state:

The enterprise name of a cooperative shall contain the words *samvirkeforetak* (cooperative) or the abbreviation SA.

The current section 2-2, subsections eight to fourteen are to become section 2-2, subsections nine to fifteen.

23. In Act no. 83 of 21 June 1985 on unlimited liability (general) partnerships and limited partnerships (the Partnerships Act), section 2-13, first subsection, fourth sentence shall state:

Only persons of legal age and capacity may be directors.

24. In Act no. 40 of 10 June 1988 on financing activity and financial institutions, the following amendments are to be made:

In section 2 a-2, letter d, a new second sentence shall state:

Cooperatives consisting of borrowers that, after amending their statutes, may not carry out any activity other than managing their holdings in the group and that have transferred their activities as a credit institution to a group company are also to be counted as a financial institution and the parent company of a financial group.

Section 3-2, first subsection shall state:

Except with the consent of the King, finance companies may not be organised as other than private limited companies, public limited companies, self-owning institutions (foundations) or cooperatives consisting of borrowers. The King may set requirements as to the enterprise's organisation as a condition of authorisation.

Section 3-10, first and second subsections shall state:

The enterprise shall have a committee of representatives consisting of at least twelve members. The King may consent to a lower number. If the enterprise is organised as a private limited company or cooperative, the King may permit the committee of representatives to be dispensed with.

If the enterprise is organised in any way other than as a private limited company, public limited company or cooperative, the committee of representatives constitutes the highest authority in the enterprise.

25. In Act no. 9 of 27 April 1990 on the regulation of exports of fish and fish products, section 4, first subsection shall state:

The Ministry may issue regulations laying down that negotiations concerning and the implementation of sales of particular fish species and fish products to specified foreign markets shall only be carried out by one or more sales companies with limited liability (centralised sales).

26. In Act no. 59 of 19 June 1992 on common ground not owned by the central government, section 4-2, first subsection, no. 3 shall state:

3. For property owned by a county council, municipality, firm, cooperative, foundation, association, estate or suchlike, the right to vote is to be exercised by a written authorisation signed by the party entitled to do so.

27. In Act no. 60 of 19 June 1992 on forestry operations, et seq in Crown lands, section 3-2, first subsection, no. 3 shall state:

3. For property owned by a county council, municipality, firm, cooperative, foundation, association, estate or suchlike, the right to vote is to be exercised by a written authorisation signed by the party entitled to do so.

28. In Act no. 93 of 3 July 1992 on the sale of real property (the Sale of Real Property Act), section 3-4, second subsection, letter d shall state:

d) A co-ownership share, right of use, share of common operational equipment and operational measures, and membership of a cooperative when this forms part of the property.

29. In Act no. 101 of 11 June 1993 on aviation (the Aviation Act), section 3-2, first subsection, no. 5 shall state:

5. associations, cooperatives and similar groups with a 100% Norwegian board headquartered in Norway, at least two thirds of whose members are Norwegian citizens or have equivalent status under this section.

30. In Act no. 15 of 3 June 1994 on the Central Coordinating Register for Legal Entities, section 4, first subsection shall state:

The following entities are to be registered in the Central Coordinating Register for Legal Entities if they are registered in an associated register:

- a) The State, county councils and municipalities.
- b) Firms, cooperatives, associations, foundation, securities funds, estates and other legal entities. The estates of deceased persons and common property estates that are identified by a national ID number and internal partnerships are nonetheless not subject to a duty to register.
- c) Sole proprietorships
- d) Property-law common ownerships that act as such to the outside world.

31. In Act no. 44 of 13 June 1997 on private limited companies (the Private Limited Companies Act), the following amendments are to be made:

Section 1-1, third subsection, no. 3 shall state:

3. Cooperative.

Section 6-8, first subsection, second sentence shall state:

The same applies if a director is adjudicated to be incompetent or is subject to a period of disqualification from being a director or in business pursuant to sections 142 and 143 of the Bankruptcy Act.

Section 6-11 shall state:

Section 6-11. *Requirements regarding directors and the general manager*

(1) The general manager and at least half of the directors shall reside in Norway, unless the King makes an exception in an individual case. The first sentence does not apply to citizens of states that are parties to the EEA Agreement when they reside in such a state.

(2) Only persons of full legal capacity may be directors.

Section 8-5, first subsection, second sentence shall state:

An enterprise that forms part of a group pursuant to section 5 of the Cooperatives Act is also to be counted as a group company.

32. In Act no. 45 of 13 June 1997 on public limited companies (the Public Limited Companies Act), the following amendments are to be made:

Section 6-8, first subsection, second sentence shall state:

The same applies if a director is adjudicated to be incompetent or is subject to a period of disqualification from being a director or in business pursuant to sections 142 and 143 of the Bankruptcy Act.

Section 6-11 shall state:

Section 6-11. *Requirements regarding directors and the general manager*

(1) The general manager and at least half of the directors shall reside in Norway, unless the King makes an exception in an individual case. The first sentence does not apply to citizens of states that are parties to the EEA Agreement when they reside in such a state.

(2) Only persons of legal age and capacity may be directors.

Section 8-5, first subsection, second sentence shall state:

An enterprise that forms part of a group pursuant to section 5 of the Cooperatives Act is also to be counted as a group company.

33. In Act no. 56 of 17 July 1998 on annual accounts, et seq (the Accounting Act), the following amendments are to be made:

Section 7-25, third subsection, shall state:

A cooperative that has members' capital accounts in accordance with section 29 of the Cooperatives Act shall disclose the payments disbursed and provisions set aside during the year. It shall also disclose any provisions of statutes and annual meeting resolutions or draft resolutions relating to members' capital accounts.

Section 7-42, sixth subsection shall state:

A cooperative that has members' capital accounts in accordance with section 29 of the Cooperatives Act shall disclose the disbursements made and provisions set aside during the year. It shall also disclose any provisions of statutes and annual meeting resolutions or draft resolutions relating to members' capital accounts.

34. In Act no. 14 of 26 March 1999 on tax on net assets and income (the Tax Act), the following amendments are to be made:

Section 2-2, first subsection, letter h, no. 2 is to be repealed. The present nos. 3 and 4 are to become nos. 2 and 3.

Section 2-30, first subsection, letter i shall state:

- i. self-owning finance enterprises and cooperatives of borrowers, with the exception of
 1. savings banks
 2. finance enterprises and cooperatives of borrowers that carry out operations which are licensed pursuant to the Financial Institutions Act
 3. Financial institutions and enterprises that carry out leasing activities.

Section 6-40, fifth subsection, letter a shall state:

- a. interest that a savings bank and mutual insurance company, cooperative of borrowers or self-owning finance enterprise has paid on primary capital certificates, cf section 2, second subsection of the Savings Bank Act, section 4-2, second subsection of the Insurance Act and the Financial Institutions Act,

Section 10-2, first subsection shall state:

(1) Private limited companies and public limited companies may claim an income tax allowance for group contributions in so far as these lie within the company's otherwise taxable ordinary income and provided the group contribution is otherwise lawful according to the Private Limited Companies Act's and Public Limited Companies Act's rules. Enterprises and business combinations that are treated as equal to private and public limited companies

may claim an allowance for group contributions to the extent that a private limited company and public limited company can do so. However, the provisions stated in section 10-4, first subsection, second sentence do not apply when a cooperative makes a group contribution to an enterprise that forms part of the same federation society, cf section 32 of the Cooperatives Act.

Section 10-11, sixth subsection shall state:

(6) Subsequent payments as mentioned in section 10-50, first subsection, and payments from members' capital accounts as mentioned in section 10-50, fifth subsection are not counted as dividend pursuant to sections 10-11 to 10-13.

Section 10-50 shall state:

Section 10-50. *A cooperative's subsequent payments and amounts transferred to share capital*

(1) A cooperative may claim an income tax allowance for subsequent payments to its members pursuant to section 27 of the Cooperatives Act. In addition, an allowance of up to 15 per cent of the income may be given for amounts transferred to the jointly owned share capital. An allowance will only be permitted from the income made from trading with the members. Income from trading with the members and sales that are regarded as equivalent to this must be stated in the accounts and must be possible to prove.

(2) The first subsection applies to the following cooperatives:

- a. Consumer cooperatives with a permanent sales outlet provided more than half of the regular sales are made to the cooperative's members.
- b. Purchasing enterprises that distribute pre-ordered goods to their members.
- c. Enterprises that solely or mainly
 1. buy raw materials or production equipment for use in agriculture, forestry or fishing,
 2. distribute products from the members' agricultural, forestry or fishing activities, or
 3. process products from the members' agricultural or fishing activities.

(3) The following are regarded as equivalent to purchases from own members:

- a. a fishing sales association's purchases from a member of another fishing sales association provided the delivery entitles the fisherman to a subsequent payment in line with the association's own members,
- b. purchases that an agricultural sales cooperative makes from a corresponding cooperative with the aim of regulating the market,
- c. a purchase pursuant to the order of a state authority.

(4) Horticultural and market gardening activities, bee breeding and the breeding of fur-bearing animals that are carried out in connection with agricultural activities are also counted as agricultural activities.

(5) In this section, payments from members' capital accounts pursuant to section 29 of the Cooperatives Act are treated as being equal to subsequent payments to the members pursuant to the first subsection. An allowance for payments from a members' capital account is only given to the extent that the funds could, at the time when they were set aside, have been paid to the member as a subsequent payment that is a tax-deductible expense for the enterprise pursuant to the first subsection.

(6) A building association covered by the Building Associations Act may demand an allowance for amounts transferred to jointly owned share capital. The first subsection, second to fourth sentences apply correspondingly but such that a deduction may be permitted from the income from trading with the members and associated housing cooperatives.

(7) The Ministry may issue regulations governing how income from the members is to be determined, and governing the proof of identity requirements.

Section 11-2, second subsection shall state:

(2) Two or more cooperatives may be merged without the enterprises or participants being taxed provided the merger takes place in accordance with the rules stipulated in chapter 8 of the Cooperatives Act.

The present second subsection is to become the third subsection.

Section 11-4, second subsection shall state:

(2) A cooperative may be demerged without the enterprises or participants being taxed provided the demerger takes place in accordance with the rules stipulated in chapter 9 of the Cooperatives Act.

The present second subsection is to become the third subsection.

Section 14-5, fourth subsection, letter f shall state:

- f. This subsection does not apply to
 - 1. banks,
 - 2. finance enterprises and cooperatives of borrowers that carry out activities pursuant to a licence granted in accordance with the Act on financing activity and financial institutions (Financial Institutions Act).

Section 16-10, first subsection, first sentence shall state:

Up to and including the financial year when the person concerned reaches the age of 33 years, a personal taxpayer shall be allowed an income tax allowance and national insurance contributions allowance for deposits made into a house-savings account with a domestic bank, cooperative or permanently organised domestic savings association, or with a corresponding savings institution in another EEA state, provided the deposit is to be used to purchase – or repay the debt on – the person's own dwelling that is purchased after the savings contract was entered into.

35. In Act no. 38 of 6 June 2003 on building associations, a new section 6-4 a shall state:

Section 6-4a. *Requirement that both sexes be represented on the board*

(1) In boards of building associations that have more than 1 000 members on the date when the directors are elected, both sexes shall be represented as follows:

1. If the board has two or three directors, both sexes shall be represented.
2. If the board has four or five directors, each sex shall have at least two representatives.
3. If the board has six to eight directors, each sex shall have at least three representatives.
4. If the board has nine directors, each sex shall have at least four representatives, and if the board has more than nine directors, each sex shall be represented by at least 40 per cent of the directors.
5. The rules stipulated in nos. 1 to 4 apply correspondingly to the election of alternate directors.

(2) Nos. 1 to 5 of the first subsection do not apply to directors that are to be elected from among the employees pursuant to section 6-4. When two or more directors are to be elected as mentioned in the first sentence, both sexes shall be represented. The same applies to alternate directors. The second and third sentences do not apply if one of the sexes comprises less than 20 per cent of the total number of the association's employees on the date when the election takes place.

36. In Act no. 109 of 12 December 2003 on wholly owned subsidiary cooperatives, a new section 2 shall state:

The enterprise's equity shall at all times be adequate based on the risk related to and scope of the enterprise's activities.

If it must be assumed that the equity is less than that which is adequate based on the risk related to and scope of the enterprise's activities, the board shall deal with this issue immediately. The board shall within a reasonable period of time give notice of an annual meeting, provide an account of the enterprise's financial position and propose measures that will ensure the enterprise has an adequate equity.

Should the board find no grounds for proposing measures as mentioned in subsection two, or such measures cannot be implemented, the board shall propose dissolving the enterprise.

The present section 2 becomes the new section 3.

37. In Act no. 28 of 20 May 2005 (the General Civil Penal Code), section 27, second subsection shall state:

By enterprise is meant a firm, cooperative, association or other group, sole proprietorship, foundation, estate or public enterprise.

38. In Act no. 44 of 10 June 2005 on insurance companies, pension institutions and their activities, et seq, the following amendments are to be made:

Section 3-1, third subsection shall state:

The Private Limited Companies Act and Cooperatives Act do not apply to mutual insurance companies unless otherwise stipulated in or pursuant to this Act.

Section 4-1, second subsection, second sentence shall state:

The Norwegian State and Norwegian municipalities, as well as Norwegian limited liability companies, cooperatives, associations and foundations are counted as being the same as persons resident in Norway.

Section 5-3, new second sentence shall state:

For mutual insurance companies with more than 1 000 members on the date when directors are elected, section 69 of the Cooperatives Act applies correspondingly.

39. In Act no. 67 of 17 June 2005 on the payment and collection of taxes and duties (the Tax Payment Act), section 5-16, second subsection shall state:

An order to pay enforcement damages imposed on a firm, cooperative, association, institution or organisation is to be addressed to the board and sent to each member.

40. In Act no. 90 of 17 June 2005 on mediation and legal procedure in civil disputes (the Civil Procedure Act), section 2-1, letter d shall state:

d) cooperatives, savings banks and foundations,

41. In Act no. 50 of 30 June 2006 on European cooperatives when annex XXII, no. 10 c of the EEA Agreement (Council Regulation (EC) no. 1435/2003) (the SCE Act) is implemented, the following amendments are to be made:

Section 5, first subsection, first sentence shall state:

When a European cooperative (SCE) is formed through a merger pursuant to article 2, no. 1 of the SCE Regulations, cf articles 19 to 34, the rules governing a merger between cooperatives apply correspondingly in so far as they are appropriate to Norwegian enterprises that take part in the merger, cf article 20 of the SCE Regulations.

Section 6, first subsection, first sentence shall state:

When publishing the conversion plan pursuant to article 35, no. 4 of the SCE Regulations, the rules stipulated in section 151 of the Norwegian Cooperatives Act apply correspondingly in so far as they are appropriate.

Section 7, second subsection, first sentence shall state:

Should a European cooperative be transferred, the rules stipulated in sections 113 to 116 of the Norwegian Cooperatives Act relating to the implementation of a merger apply correspondingly in so far as they are appropriate.

Section 8, first and second subsections shall state:

As regards European cooperatives that are organised in a two-tier system in accordance with articles 37 to 41 of the SE Regulations, the rules stipulated in chapter 6 of the Norwegian Cooperatives Act and other rules stipulated in the Cooperatives Act relating to the enterprise's management apply in so far as these are appropriate and unless otherwise stated in the SCE Regulations. The Cooperatives Act's rules relating to the board apply correspondingly to the management body in so far as they are appropriate, and the Cooperatives Act's rules relating to the control committee apply correspondingly to the control body in so far as they are appropriate. The enterprise is to have a general manager unless otherwise determined in the statutes. The Cooperatives Act's rules relating to the general manager apply correspondingly to the general manager in so far as they are appropriate.

The management body must have at least three members.

The present second and third subsections are to become the new third and fourth subsections.

Section 9 shall state:

For a European cooperative that is organised in a one-tier system in accordance with articles 42 to 44 of the SE Regulations, the rules stipulated in chapter 6 of the Norwegian Cooperatives Act and other rules stipulated in the Cooperatives Act relating to the enterprise's management apply in so far as these are appropriate and unless otherwise stated in the SCE Regulations. The Cooperatives Act's rules relating to the board apply correspondingly to the administration body in so far as they are appropriate.

The enterprise is to have a general manager unless otherwise determined in the statutes. The Cooperatives Act's rules relating to the general manager apply correspondingly to the general manager in so far as they are appropriate.

The administration body must have at least three members.

Section 12, second subsection shall state:

In the case of the compulsory liquidation of an SCE enterprise pursuant to article 73 of the SCE Regulation, the provisions stipulated in sections 141 to 144 of the Norwegian Cooperatives Act apply correspondingly in so far as they are appropriate.

42. In Act no. 29 of 6 June 1975 on property tax payable to municipalities (the Property Tax Act), section 21, first subsection, letter e shall state:

- e) when he manages or is a member of the board of a firm, cooperative, association, savings bank, foundation or public organisation that owns, has a charge on, leases or rents the property.

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