

LAWS OF THE GILBERT ISLANDS  
REVISED EDITION 1977

CHAPTER 14

CO-OPERATIVE SOCIETIES

ARRANGEMENT OF SECTIONS

Section

PART I

PRELIMINARY

1. Short title
2. Interpretation

PART II

REGISTRATION

3. Appointment of Registrar and assistant registrars
4. Societies which may be registered
5. Conditions of registration
6. Application for registration
7. Registration
8. Societies to be bodies corporate
9. Evidence of registration

PART III

DUTIES AND PRIVILEGES OF SOCIETIES

10. Amendment of the by-laws of a registered society
11. Address of society
12. Copy of Ordinance, regulations, by-laws, etc., to be open to inspection
13. Disposal of produce to or through registered society
14. Creation of charges in favour of registered societies
15. Charge and set off in respect of shares or interest of members
16. Shares or interest not liable to attachment or sale
17. Transfer of interest on death of member
18. Deposits by or on behalf of minors
19. Register of members
20. Proof of entries in books of society
21. Amalgamation or transfer of societies
22. Division of societies

## Section

## PART IV

## RIGHTS AND LIABILITIES OF MEMBERS

23. Qualification for membership
24. Members not to exercise rights till due payment made
25. Restriction of membership in society
26. Votes of members
27. Representation by proxy
28. Contracts with society of members who are minors
29. No individual to hold more than one-fifth of share capital of any society
30. Restrictions on transfer of share or interest
31. Liability of past member and estate of deceased member for debts of society

## PART V

## PROPERTY AND FUNDS OF REGISTERED SOCIETIES

32. Loans made by a registered society
33. Deposits and loans received by a registered society
34. Restrictions on other transactions with non-members
35. Investment of funds
36. Disposal of profits

## PART VI

## AUDIT, INSPECTION AND ENQUIRY

37. Audit
38. Power of Registrar to inspect societies' books, etc.
39. Inquiry and inspection
40. Dissolution of the committee of a society

## PART VII

## DISSOLUTION

41. Dissolution
42. Cancellation of registration of a society due to lack of membership
43. Effect of cancellation of registration
44. Liquidation after cancellation of registration of society
45. Liquidator's powers
46. Power of Registrar to control liquidation
47. Enforcement of order
48. Limitation of the jurisdiction of the civil court
49. Closure of liquidation

## Section

## PART VIII

## SURCHARGE AND ATTACHMENT

- 50. Powers of Registrar to surcharge officers, etc., of a registered society
- 51. Appeal to the Minister

## PART IX

## DISPUTES

- 52. Settlement of disputes
- 53. Case stated on question of law

## PART X

## REGULATIONS

- 54. Regulations

## PART XI

## MISCELLANEOUS

- 55. Recovery of sums due to Government
- 56. Special powers of Minister to exempt any society from requirements as to registration
- 57. Special power of Minister to exempt societies from provisions of Ordinance
- 58. Power to exempt from stamp duty and registration fees
- 59. Prohibition of the use of the word "co-operative"
- 60. Punishment of fraud or misappropriation
- 61. Formation of proposed societies
- 62. Special members of committees of secondary societies
- 63. Tenure of office and powers of special members
- 64. Certain Ordinances not to apply
- 65. Penalty for non-compliance with Ordinance
- 66. Saving

**An Ordinance to provide for the formation and to regulate the operations of co-operative societies**

9 of 1951  
(Cap. 67 of  
1952)  
5 of 1960  
8 of 1968  
9 of 1971  
(Cap. 64 of  
1973)  
L.N. 16/74  
31 of 1974

*Commencement: 1st September 1952* G.N. 114/52

## PART I

## PRELIMINARY

- Short title      1. This Ordinance may be cited as the Co-operative Societies Ordinance.
- Interpreta-      2. In this Ordinance unless the context otherwise requires—  
tion
- “bonus” means a share of the profits of a registered society divided among its members in proportion to the volume of business done by them with the society from which the profits of the society were derived;
- “by-laws” means the registered by-laws made by a society in the exercise of any power conferred by this Ordinance, and includes a registered amendment of the by-laws;
- “committee” means the governing body of a registered society to whom the management of its affairs is entrusted;
- “dividend” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;
- “member” includes a person or registered society joining in the application for the registration of a society, and a person or registered society admitted to membership after registration in accordance with the by-laws;
- “officer” includes a chairman, secretary, treasurer, member of committee, or other person empowered under the regulations or by-laws to give directions in regard to the business of a registered society;
- “registered society” means a co-operative society registered under this Ordinance;
- “Registrar” means the Registrar of Co-operative Societies appointed under section 3 and includes any person when exercising such powers of the Registrar as may have been conferred upon him under that section.

## PART II

## REGISTRATION

- Appoint-      3. The Minister may appoint a person to be Registrar of Co-  
ment of      operative Societies for the Gilbert Islands and may appoint per-  
Registrar and      sons to assist such Registrar, and may, by notice, confer on any  
assistant      such persons all or any of the powers of a Registrar under this  
registrars      Ordinance.

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

Societies  
which may be  
registered

Provided that the liability of a society which includes at least one registered society among its members shall be limited.

5. (1) No society, other than a society of which a member is a registered society, which does not consist of at least 10 persons each of whom is qualified under section 23 for membership under this Ordinance shall be registered under this Ordinance.

Conditions of  
registration

(2) The word "co-operative" or its vernacular equivalent shall form part of the name of every society registered under this Ordinance.

(3) The word "limited" or its vernacular equivalent shall be the last word in the name of every society with limited liability registered under this Ordinance.

(4) When, for the purposes of this section, any question arises as to age, residence, or occupation of land constituting the qualification of any person, that question shall be decided by the Registrar whose decision shall be final.

6. (1) For the purposes of registration an application shall be made to the Registrar.

Application  
for registra-  
tion

(2) The application shall be signed—

(a) in the case of a society of which no member is a registered society, by at least 10 persons qualified in accordance with the requirements of section 5 (1); and

(b) in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society, and, where the members of the society are not all registered societies, by 10 other members, or, when there are less than 10 other members, by all of them.

(3) The application shall be accompanied by copies of the proposed by-laws of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

7. (1) If the Registrar is satisfied that a society has complied with the provisions of this Ordinance and the regulations, and

Registration

that its proposed by-laws are not contrary to this Ordinance or to the regulations, he may, if he thinks fit, register the society and its by-laws. An appeal shall lie to the Minister against the refusal of the Registrar to register any society within 1 month from the date of such refusal.

(2) On registration the society shall pay such fee as may be required by the regulations.

Societies to  
be bodies  
corporate

8. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings, and to do all things necessary for the purpose of its constitution.

Evidence of  
registration

9. A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been cancelled.

### PART III

#### DUTIES AND PRIVILEGES OF SOCIETIES

Amendment  
of the by-  
laws of a  
registered  
society

10. (1) Any registered society may, subject to this Ordinance and the regulations, amend its by-laws, including the by-law which declares the name of the society.

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

(3) If the Registrar is satisfied that any amendment of the by-laws is not contrary to this Ordinance or to the regulations, he may, if he thinks fit, register the amendment; and an appeal shall lie to the Minister against the refusal of the Registrar to register any amendment of any by-law.

(4) An amendment which changes the name of a society shall not affect any right or obligation of the society or of any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

(5) When the Registrar registers an amendment of the by-laws of a registered society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence of the fact that the amendment has been duly registered.

(6) In this section, "amendment" includes the making of a new by-law and the variation or rescision of a by-law.

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

12. Every registered society shall keep a copy, written both in English and in the vernacular of the place where its registered office is situated, of this Ordinance and of the regulations and of its by-laws and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society. Copy of Ordinance, regulations, by-laws, etc., to be open to inspection

13. (1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members whether the produce of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise, may provide in its by-laws or may otherwise contract with its members— Disposal of produce to or through a registered society

- (a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged, in such manner as may be prescribed by the regulations, to be guilty of a breach of the by-laws or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid regulations.

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

14. Subject to any prior claim of the Crown on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon— Creation of charges in favour of registered societies

- (a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, felled timber or other forest produce, marine produce, fish (fresh-water and salt-water), livestock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock in trade and generally all produce of labour and things used in connec-

tion with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given him by the society:

Provided that nothing herein contained shall affect the claim of any *bona fide* purchaser or transferee without notice;

- (b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

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

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

Shares or interest not liable to attachment or sale

16. Subject to section 15, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and a trustee in bankruptcy shall not be entitled to, or have any claim on, such share or interest:

Provided that where a society is dissolved the property and the shares of any member who has been adjudicated in bankruptcy shall be vested in the trustee in bankruptcy.

Transfer of interest on death of member

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

Provided that—

- (a) in the case of a society with unlimited liability such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the



share or interest of the deceased member ascertained as aforesaid;

- (b) in the case of a society with limited liability, the society may transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the regulations and by-laws for membership of the society, or, on his application within 6 months of the death of the deceased member, to any person specified in the application who is so qualified.

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

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

18. (1) A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay such minors the interest which may become due on such deposits. Any deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

Deposits by  
or on behalf  
of minors

(2) The receipt of any minor or guardian for money paid to him under this section shall be a sufficient discharge of the liability of the society in respect of that money.

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

Register of  
members

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

20. (1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the regulations, be received in any legal proceeding, civil or criminal, as *prima facie* evidence of the existence of such entry, and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

Proof of  
entries in  
books of soc-  
iety

(2) No officer of any such society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books the contents of which can be proved under subsection (1), or to appear as a witness to prove any matters, transactions or accounts therein recorded unless the court for special reasons so directs.

Amalgamation  
or transfer of  
societies

21. (1) Any 2 or more registered societies may by a resolution passed by a three-fourths majority of the members present at a special general meeting of such society held for the purpose, amalgamate as a single society:

Provided that no such resolution may be put to the meeting without the prior approval of the Registrar in writing and that each member shall be given a clear 15 days' written notice of the resolution and the date of the meeting. Such amalgamation may be effected with or without any dissolution or division of the funds of the amalgamating societies or either of them and the resolution of the societies concerned shall on such amalgamation be a sufficient conveyance or assignment to vest the assets and liabilities of the amalgamating societies in the amalgamated society.

(2) Any registered society may by a resolution passed in accordance with the procedure laid down in subsection (1) transfer its assets and liabilities to any other registered society which is prepared to accept them and such resolution shall be a sufficient conveyance or assignment to vest the assets and liabilities in the other society:

Provided that when any such amalgamation or transfer of its liabilities involves the transfer of its liabilities by any society to any other society, it will not be made without giving 3 months' notice to the creditors of both or all such societies:

Provided further that if any creditor of any of the societies concerned objects to such amalgamation or transfer of assets and liabilities and gives written notice to that effect to the society or societies concerned 1 month before the date fixed for such amalgamation or transfer the amalgamation or transfer shall not be made until the dues of such creditor have been satisfied.

Division of  
societies

22. (1) Any registered society may, with the approval of the Registrar, by a resolution passed by a three-fourths majority of the members present at a special general meeting of the society held for the purpose, resolve to divide itself into 2 or more societies; provided that each member has had 15 clear days written notice of the resolution and the date of the meeting. The resolution (hereinafter in this section referred to as a preliminary resolution) shall contain proposals for the division of assets and

liabilities of the society among the new societies in which it is proposed to divide it and may prescribe the area of operation of, and specify the members who will constitute, each of the new societies.

(2) A copy of the preliminary resolution shall be sent to all the members and creditors of the society. A notice of the resolution shall also be given to all other persons whose interests will be affected by the division of the society.

(3) Any member of the society may, notwithstanding any by-law to the contrary, by notice given to the society within a period of 3 months from his receipt of the resolution, intimate his intention not to become a member of any of the new societies.

(4) Any creditor of the society may, notwithstanding any agreement to the contrary, by notice given to the society within the said period intimate his intention to demand a return of the amount due to him.

(5) Any other person whose interest will be affected by the division may by notice given to the society object to the division unless his claim is satisfied.

(6) After the expiry of 3 months from the receipt of the preliminary resolution by all the members and creditors of the society and of the notice by other persons given under subsection (2), another special general meeting of the society, of which at least 15 clear days notice shall be given to its members, shall be convened for considering the preliminary resolution. If at such meeting the preliminary resolution is confirmed by a resolution passed by a majority of not less than two-thirds of the members present, either without changes or with such changes as in the opinion of the Registrar are not material, he may, subject to the provisions of section 7 and of subsection (9), register the new societies and the by-laws thereof. On such registration, the registration of the old society shall be deemed to have been cancelled and the society shall be deemed to be dissolved from the date of such cancellation.

(7) The opinion of the Registrar as to whether the changes made in the preliminary resolution are or are not material shall be final and no appeal shall lie therefrom.

(8) At the special general meeting referred to in subsection (6) provision shall be made by another resolution for—

(i) repayment of the share capital of all the members who have given notice under subsection (3);

(ii) satisfaction of the claims of all the creditors who have given notice under subsection (4); and

(iii) satisfaction of the claims of such of the other persons who have given notice under subsection (5) as the Registrar decides or securing their claims in such manner as the Registrar directs:

Provided that no member or creditor or other person shall be entitled to such repayment or satisfaction until the preliminary resolution is confirmed as provided in subsection (6).

(9) If within such time as the Registrar considers reasonable the share capital of the members referred to in subsection (8) is not repaid or the claims of the creditors referred to in that subsection are not satisfied, or the claims of the other persons are not satisfied or secured as provided in paragraph (iii) of that subsection, the Registrar may refuse to register the new societies.

(10) The registration of the new societies shall be a sufficient conveyance or assignment to vest the assets and liabilities of the original society in the new societies in the manner specified in the preliminary resolution as confirmed under subsection (6).

#### PART IV

##### RIGHTS AND LIABILITIES OF MEMBERS

Qualification  
for membership

**23.** In order to be qualified for membership of a co-operative society a person other than a registered society, must (a) have attained the age of 16 years; (b) be resident within or in occupation of land within the society's area of operations as described by the by-laws.

Members not  
to exercise  
rights till due  
payment  
made

**24.** No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the regulations or by-laws.

Restriction of  
membership  
in society

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

Votes of  
members

**26.** No member of any registered society shall have more than one vote in the conduct of the affairs of the society:

Provided that in the case of an equality of votes the Chairman shall have the casting vote:

Provided further that in the case of societies of which a registered society is a member that society may have such voting powers as are provided in the regulations.

27. A registered society which is a member of any other registered society may appoint any one of its members or, with the consent of the Registrar, any other person as its proxy for the purpose of voting in the conduct of the affairs of such other registered society.

Representation  
by proxy

28. The minority of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any acquittance necessary to be executed or given under this Ordinance or the regulations made thereunder, and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society; and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable at law or against such person notwithstanding his minority.

Contracts  
with society  
of members  
who are  
minors

29. No member, other than a registered society, shall hold more than one-fifth of the share capital of any co-operative society.

No individual  
to hold more  
than one-fifth  
of share capi-  
tal of any soci-  
ety

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

Restrictions  
on transfer of  
share or  
interest

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

- (a) he has held such share or interest for not less than 1 year; and
- (b) the transfer or charge is made to the society, or to a member of the society, or to a person whose application for membership has been accepted by the committee.

31. (1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than 1 year reckoned from that date.

Liability of  
past member  
and estate of  
deceased  
member for  
debts of soci-  
ety

(2) The estate of a deceased member shall not be liable for the debts of the society as they existed on the date of his decease for a period of more than 1 year reckoned from the date of his decease.

## PART V

## PROPERTY AND FUNDS OF REGISTERED SOCIETIES

Loans made  
by a regis-  
tered society

32. (1) A registered society shall not, except as provided in section 35, make any loan to any person other than a member:

Provided that, with the consent of the Registrar, a registered society may make loans to another registered society.

(2) Except with the permission of the Registrar, a registered society shall not lend money on the security of any movable property other than the produce or goods in which the society is authorised to deal.

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

Deposits and  
loans  
received by a  
registered  
society

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

Restrictions  
on other  
transactions  
with non-  
members

34. Save as provided in sections 32 and 33, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the regulations.

Investment of  
funds

35. A registered society may invest or deposit its funds—

- (a) with any bank or person carrying on the business of banking approved for this purpose by the Registrar; or
- (b) in any securities issued or guaranteed by a Government under the British Crown; or
- (c) with any other registered society approved for this purpose by the Registrar; or
- (d) in any other mode approved by the Registrar.

Disposal of  
profits

36. (1) At least one-fourth of the net profit of every registered society, as ascertained by the audit prescribed by section 37, shall be carried to a fund to be called the general reserve fund, which shall be employed as prescribed by the regulations; and the remainder of such profits and any profits of past years available for distribution may be divided among the members by way of dividend or bonus, or allocated to any funds constituted by the society to such extent or under such conditions as may be prescribed by the regulations or by-laws:

Provided that in the case of a society with unlimited liability, no distribution of profits shall be made without the general or special order of the Minister.

(2) Any registered society may, with the sanction of the Registrar, after one-fourth of the net profits in any year has been carried to the general reserve fund, contribute an amount not exceeding 10 per cent of the remaining net profits to any charitable purpose or to a common-good fund.

## PART VI

### AUDIT, INSPECTION AND INQUIRY

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

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

(3) The Registrar and every other person appointed to audit the accounts of a society shall have power when necessary—

- (a) to summon at the time of his audit any officer, agent, servant or member of the society who he has reason to believe can give material information in regard to any transactions of the society or the management of its affairs; or
- (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

38. The Registrar, or any person authorised by general or special order in writing by the Registrar, shall at all times have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand; and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

Power of Registrar to inspect societies' books, etc.

39. (1) The Registrar may of his own motion, and shall on the application of a majority of the committee, or of not less than one-third of the members of a registered society, hold an inquiry

Inquiry and inspection

or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working, and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and produce the cash in hand and such books, accounts, papers and securities of the society as the Registrar or the person authorised by him may require.

(2) The Registrar shall, on the application of a creditor of the registered society, inspect or direct some person authorised by him in writing in this behalf to inspect the books of the society, if the applicant—

- (a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(3) The Registrar shall communicate the results of any such inspection to the creditor and to the society into whose affairs inquiry has been made.

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

(5) Any sum awarded by way of costs against any society or person under this section may be recovered, on application to the court in the place where the registered office of the society is situated or the person resides or carries on business for the time being, in like manner as a fine imposed by the court.

Dissolution  
of the com-  
mittee of a  
society

40. (1) If the Registrar is of the opinion that the committee of any registered society is not performing its duties properly he may, after giving an opportunity to the committee to state its objections, if any, to its dissolution, and after considering such objections at a general meeting of the society summoned by him, by order in writing—

- (a) dissolve the committee; and
- (b) direct that the affairs of the society shall be managed and administered by a suitable person or persons appointed as hereinafter provided.

(2) Every direction under paragraph (b) of subsection (1) shall



have effect for such period not exceeding 2 years as may be specified in the order containing such direction:

Provided that the Registrar may in his discretion from time to time amend the order for the purpose of extending the period during which the direction shall have effect so, however, that the aggregate period during which the direction shall so have effect shall not exceed 4 years.

(3) Where any order is made under subsection (1) the Registrar shall by the same or a subsequent order appoint a fit and proper person or 2 or more such persons to manage and administer the affairs of the society, and may from time to time remove or replace any person so appointed.

(4) Subject to the general direction and control of the Registrar, any person or persons appointed under this section to manage the affairs of a registered society—

- (a) shall have the power to recover the assets and discharge the liabilities of the society and take such other steps as may be necessary in its interests; and
- (b) may exercise all the powers, rights and privileges of a duly constituted committee of the society.

(5) The Registrar may fix the remuneration payable to any person or persons appointed by him under this section to manage the affairs of a registered society; and the amount of such remuneration and other expenses, if any, incurred in the management of the society shall be payable from its funds.

(6) It shall be the duty of the person or persons appointed under this section to manage the affairs of a registered society, and who are holding office immediately prior to the date on which the direction given under paragraph (b) of subsection (1) ceases to have effect, to arrange, prior to the date aforesaid, for the appointment of a new committee in accordance with the by-laws of the society.

(7) No order under subsection (1) shall be made by the Registrar in respect of any registered society without the Minister's prior approval and—

- (a) if the society is indebted to the Gilbert Islands Development Authority, except after prior consultation with such Authority, in regard to the dissolution of the committee and to the persons by whom and the manner in which the affairs of the society are to be managed and administered; and
- (b) if the society is in receipt of a loan from the National Loans Board, except with the prior approval of the Board.

(8) Nothing in this section shall be deemed to affect the power of the Registrar to cancel the registration of the society under section 41.

## PART VII

### DISSOLUTION

Dissolution

41. (1) If the Registrar, after holding an inquiry or making an inspection under section 39 or on receipt of an application made by three-fourths of the members of a registered society, is of the opinion that the society ought to be dissolved, he may make an order for the cancellation of the registration of the society.

(2) Any member of a registered society may, within 2 months from the date of an order under subsection (1), appeal from such order in the prescribed manner to the Minister.

(3) Where no appeal is presented within 2 months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period; and where an appeal is presented within 2 months, the order shall not take effect until it is confirmed.

(4) Where the Registrar makes an order for the cancellation of the registration of a society under subsection (1) he may make such further order as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect.

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

Cancellation of registration of a society due to lack of membership

42. The Registrar may, by order in writing, cancel the registration of any registered society other than a society which includes among its members one or more registered societies, if at any time it is proved to his satisfaction that the number of the members has been reduced to less than 10, and every such order shall take effect from the date thereof.

Effect of cancellation of registration

43. Where the registration of a society is cancelled by an order under section 41 or under section 42 the society shall cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution:

Provided that any privileges conferred on the society by or under sections 14, 15, 16 and 17 shall be deemed to be vested in any liquidator appointed for that society by the Registrar.

44. Where the registration of a society is cancelled under section 41 or section 42 the Registrar may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society.

Liquidation  
after cancel-  
lation of  
registration  
of society

45. (1) A liquidator appointed under section 44 shall, subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar by order under section 46 have power to—

Liquidator's  
powers

- (a) determine from time to time the contribution to be made by members and past members or by the estate of deceased members of the society to its assets;
- (b) appoint a day by notice before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before they have proved them;
- (c) decide any question of priority which arises between creditors;
- (d) refer disputes to arbitration and institute and defend suits and other legal proceedings on behalf of the society by his name or office;
- (e) decide by what persons and in what proportions the costs of liquidation are to be borne;
- (f) give such directions in regard to the collection and distribution of assets as may be necessary in the course of winding up the society;
- (g) compromise any claim by or against the society provided the sanction of the Registrar has first been obtained;
- (h) call such general meetings of members as may be necessary for the proper conduct of the liquidation;
- (i) take possession of the books, documents and assets of the society;
- (j) sell the property of the society;
- (k) carry on the business of the society so far as may be necessary for winding it up beneficially;

Provided that nothing herein contained shall entitle the liquidator of a credit society to issue any loan; and

- (l) arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar.
- (2) Subject to such regulations as may be made in this behalf, any liquidator appointed under this Ordinance shall in so far as

such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of parties and witnesses and to compel the production of documents by the same means and so far as may be in the same manner as is provided in the case of a civil court.

Powers of Registrar to control liquidation

**46.** A liquidator shall exercise his powers subject to the control and revision of the Registrar, who may—

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) remove a liquidator from office;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing limit the powers of a liquidator under section 45;
- (e) require accounts to be rendered to him by the liquidator;
- (f) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the society;
- (g) make an order for the remuneration of the liquidator; or
- (h) refer any subject of dispute between a liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

Enforcement of order

**47.** (1) The decision of an arbitrator on any matter referred to him under section 46 shall be binding upon the parties, and shall be enforceable in like manner as an order made by the Registrar under that section.

(2) An order made by a liquidator or by the Registrar under section 45 or section 46 may be enforced by the court having jurisdiction over the place where the registered office of the society is situated in like manner as a decree of the court.

Limitation of the jurisdiction of the civil court

**48.** Save in so far as is hereinbefore expressly provided, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Ordinance.

Closure of liquidation

**49.** (1) In the liquidation of a society whose registration has been cancelled, the funds, including the general reserve fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the share capital and then, provided the by-laws of the society permit, to the payment of a dividend at a rate not exceeding 10 per cent per annum for any period for which no disposal of profits was made.

(2) When the liquidation of a society has been closed and any creditor of the society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the manner provided for subsidiary legislation and in such other manner as the Registrar may require; and all claims against the funds of the society liquidated shall be proscribed when 2 years have elapsed from the date of the publication.

(3) Any surplus remaining after the application of the funds to the purposes specified in subsection (1) and the payment of any claims for which an action is instituted under subsection (2) shall be available for use by the Registrar for any co-operative purpose at his discretion.

## PART VIII

### SURCHARGE AND ATTACHMENT

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

Power of Registrar to surcharge officers, etc., of a registered society

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

51. Any person aggrieved by any order of the Registrar made under section 50 may appeal to the Minister within 21 days from the date of such order and the decision of the Minister shall be final and conclusive.

Appeal to Minister

## PART IX

## DISPUTES

Settlement of  
disputes

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

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

such dispute shall be referred to the Registrar for decision; and a claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to be a dispute touching the business of the society within the meaning of this subsection.

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

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

(3) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Registrar within such period and in such manner as may be prescribed.

(4) A decision of the Registrar under subsection (2) or under subsection (3) shall be final and shall not be called in question in any civil court.

(5) The award of the arbitrator or arbitrators under subsection (2) shall, if no appeal is referred to the Registrar under subsection (3), or if any such appeal is abandoned or withdrawn, be final and shall not be called in question in any civil court and shall be enforced in the same manner as if the award had been a judgment of a civil court.

Case stated  
on question  
of law

**53.** Notwithstanding anything contained in the last foregoing section, the Registrar at any time when proceeding to a decision under this Ordinance, or the Minister at any time when an appeal

has been referred to him against any decision of the Registrar under this Ordinance, may refer any question of law arising out of such decision for the opinion of a judge, whose opinion given on such question shall be final and conclusive.

## PART X

### REGULATIONS

54. (1) ~~The Minister may make all such regulations as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Ordinance.~~ *B. acting in accordance with the Regulations*

*advise of Cabinet. may make regulations*

(2) In particular and without prejudice to the generality of the power conferred by subsection (1), such regulations may—

- (a) prescribe the forms to be used, the fees to be paid and the conditions to be complied with in applying for the registration of a society and the procedure in the matter of such applications;
- (b) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members from time to time, and the payment to be made and interest to be acquired before exercising rights of membership;
- (c) subject to section 29, prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member;
- (d) prescribe the extent to which a registered society may limit the number of its members;
- (e) provide for the withdrawal and expulsion of members and for the payments to be made to members who withdraw or are expelled and for the liabilities of past members;
- (f) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;
- (g) provide for the appointment, suspension and removal of the members of the committee, and for the powers to be exercised and the duties to be performed by the committee and other officers;
- (h) prescribe the matters in respect of which a society may or shall make by-laws and for the procedure to be followed in making, altering and rescinding by-laws, and the conditions to be satisfied prior to such making, alteration or rescission;

Adapt Ord

- (i) regulate the manner in which funds may be raised by means of shares or debentures or otherwise;
- (j) prescribe the conditions to be observed by a registered society applying for financial assistance from Government;
- (k) prescribe the payments to be made, the conditions to be complied with, and the forms of the bonds, instruments or other documents to be executed, by members applying for loans or cash credits, the period for which loans may be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members with or without the consent of the Registrar;
- (l) provide for the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;
- (m) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained and for the nomination of any person to whom such interest may be paid or transferred;
- (n) provide for the formation and the maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of any registered society;
- (o) prescribe the conditions under which profits may be distributed to the members of a society with unlimited liability and the maximum rate of dividend which may be paid by societies;
- (p) prescribe the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;
- (q) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit, and provide for the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and co-operative propaganda and prescribe for the administration of such a fund;
- (r) prescribe the returns to be submitted by registered societies to the Registrar, and the persons by whom and the form in which the same are to be made;
- (s) provide for the persons by whom, and the form in which,



copies of entries in books of registered societies may be certified;

- (t) provide for the formation and maintenance of a register of members and, where the liability of members is limited by shares, a register of shares;
- (u) provide for the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers;
- (v) prescribe the manner in which any question as to the breach of any by-law or contract relating to the disposal of produce to or through a society may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed;
- (w) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators;
- (x) prescribe the procedure to be followed by a liquidator appointed under section 44;
- (y) prescribe the forms to be used, the fees to be paid, the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Ordinance or the regulations.

## PART XI

### MISCELLANEOUS

**55. (1)** All sums due from a registered society or from an officer or member or past member of a registered society as such to the Government may be recovered in the manner provided for the recovery of debts due to the Government under the law for the time being in force.

Recovery of sums due to Government

(2) Sums due from a registered society to the Government and recoverable under subsection (1) may be recovered, first from the property of the society; secondly, in the case of a society of which the liability of members is limited, from the members subject to the limit of their liability; and thirdly, in the case of other societies, from the members.

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

Special powers of Minister to exempt any society from requirements as to registration

Special power of Minister to exempt societies from provisions of Ordinance

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

Power to exempt from stamp duty and registration fees

58. The Minister by notification in the *Gazette* may, in the case of any registered society or class of registered societies, remit—

- (a) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society, or by an officer or member, and relating to the business of such society, or any class of such instruments are respectively chargeable; or
- (b) any fee payable under the law of registration for the time being in force.

Prohibition of the use of the word "co-operative"

59. (1) No person other than a registered society shall trade or carry on business under any name or title of which the word "co-operative" is part without the sanction of the Minister:

Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the commencement of this Ordinance.

(2) Any person who contravenes the provisions of this section shall be liable on summary conviction to a fine of \$10, and in the case of a continuing offence to a further fine not exceeding \$2 for each day during which the offence continues.

Punishment of fraud or misappropriation

60. If any person obtains possession by false representation or imposition of any property of a society, or having the same in his possession withholds or misapplies the same, or wilfully applies any part thereof to purposes other than those expressed or directed in the rules of the society, and authorised by this Ordinance, he shall on the complaint of the society, or of any member authorised by the society, or the committee thereof, or of the Registrar or any assistant registrar by his authority, be liable on summary conviction to a fine of \$40 with costs, and to be ordered to deliver up all such property or to repay all moneys applied improperly, and in default of such delivery or repayment or of the payment of such fine to be imprisoned for 3 months, but nothing in this section shall prevent any such person from being proceeded against for an indictable offence if not previously convicted of the same offence under this Ordinance.

**61.** (1) No person shall collect moneys in the nature of subscriptions for the purpose of the formation of a society to be registered under this Ordinance without first obtaining the permission in writing of the Registrar.

Formation of proposed societies

(2) Any person who contravenes this section shall be liable on summary conviction to a fine of \$20 and to imprisonment for 3 months.

**62.** (1) Notwithstanding any other provision of this Ordinance, the Minister may in accordance with this section appoint special members to the committee of any secondary society if the society is in receipt of financial assistance from the Government or if the Minister considers such appointments to be necessary in the interests of the national economy.

Special members of committees of secondary societies

(2) Special members appointed under this section—

(a) shall be appointed from among persons who in the opinion of the Minister possess suitable academic or professional qualifications or sufficient experience in business, trade or commerce or a co-operative movement to enable them properly to discharge their functions; and

(b) may be appointed from among persons who are not members of any registered society.

(3) The number of special members appointed to a committee under this section shall not exceed one-third of the number of ordinary members including the chairman of the committee.

(4) For the purposes of this section a society shall be deemed to be in receipt of financial assistance from the Government if—

(a) within the immediately preceding 3 years the society has received any grant of money from the Government; or

(b) any money has been lent to the society by the Government and the loan has not been repaid; or

(c) any loan made to the society has been guaranteed by the Government and either the guarantee is still outstanding or the guarantee has been honoured by the Government and the society has not paid to the Government all sums (including interest, if any, thereon) paid by the Government under the terms of the guarantee.

(5) In this section "secondary society" means a registered society the members of which are registered societies.

**63.** (1) A special member of a committee appointed under section 62 shall remain a member of the committee until his appointment is terminated by the Minister.

Tenure of office and powers of special members

(2) Where the Minister has appointed special members to a committee under section 62 any such special member may require in writing that any decision taken by the committee shall not have effect until the approval of the Minister has been obtained and, where any such requirement is made in respect of any such decision, the decision shall be of no force or effect and shall not in any way be acted upon until the Minister has signified his approval thereof.

(3) In addition to the power conferred by subsection (2), a special member appointed to a committee under section 62 shall, unless the Minister otherwise directs, have all the powers had by the Ordinary members of that committee.

Certain  
Ordinances  
not to apply  
Cap. 11  
Cap. 97

64. The provisions of the Companies Registration Ordinance and the Trade Unions Ordinance shall not apply to a registered society.

Penalty for  
non-compliance  
with certain  
provisions

65. (1) (a) Any registered society or an officer or a member thereof, wilfully neglecting or refusing to do any act or to furnish any information required for the purposes of this Ordinance by the Registrar or other persons duly authorised by him in this behalf; or

(b) any person wilfully or without any reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Ordinance, or failing to furnish any information lawfully required from him by a person authorised to do so under the provisions of this Ordinance, shall be guilty of an offence under this Ordinance.

(2) Every offence referred to in subsection (1) shall be punishable with a fine of \$200.

Saving  
16 of 1940

66. Any Co-operative Society registered under the Native Co-operative Societies Ordinance 1940 before the 1st September 1952 in accordance with the provisions of that Ordinance shall be deemed to be a registered society in accordance with the provisions of this Ordinance.

## SUBSIDIARY LEGISLATION

[Subsidiary]

## Regulations under section 54

## CO-OPERATIVE SOCIETIES REGULATIONS

G.N. 68/52  
G.N. 133/54  
G.N. 155/60  
L.N. 37/64  
L.N. 24/66  
8 of 1968.*Citation*

1. These Regulations may be cited as the Co-operative Societies Regulations.

*Register of Societies*

2. The Registrar shall keep or cause to be kept at his office a Register to be called the "Register of Societies" wherein shall be entered particulars relating to the registration of societies and their by-laws.
3. All original entries in the Register of Societies shall be made by, or under the direction of, the Registrar and shall be signed by him.
4. Every alteration, interlineation or erasure in the Register of Societies shall be initialled by the Registrar.
5. The Register of Societies shall be open to inspection by the public at all reasonable times and free of charge.

*Application for Registration of Societies*

6. (1) Every application for the registration of a society shall be submitted to the Registrar in the form required by him.  
(2) 3 copies of the by-laws which the society proposes to adopt shall be submitted together with the application.

*Registration*

7. Where the Registrar decides to register a proposed society the society and its by-laws shall be registered in the Register of Societies.
8. Upon the registration of a society the Registrar shall forward to the society, free of charge—
  - (a) a certificate of registration;
  - (b) a copy of the by-laws of the society as approved by him and certified under his hand as having been approved by him;
  - (c) a copy of the Ordinance and of the regulations in English.
9. When the Registrar refuses to register a society or its by-laws he shall record in writing the reasons for doing so.

*Register of Members and Books and Accounts*

10. Every registered society shall keep a Register to be called the "Register of Members" wherein shall be entered—
  - (a) the name, address and occupation of each member and a statement of the shares, if any, held by him;
  - (b) the date on which each member's name was entered in the register;
  - (c) the date on which any member ceased to be a member; and
  - (d) the nominee, if any, appointed under regulation 18.

*[Subsidiary]*

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

(2) The Registrar may by order in writing direct any registered society—

(a) to cause such accounts and books as may be specified in the order to be written up to date as he may determine; and

(b) to send any return which he may require in such form and within such time as may be specified in the order.

(3) If any registered society fails to comply with an order under paragraph (2), the Registrar may have the accounts and books written, and the returns prepared, by himself or any officer subordinate to him.

(4) Where the accounts and books of any registered society have been written, and the returns have been prepared by any officer authorised by the Registrar, the Registrar shall determine the amount payable for such work and call upon the society to pay such amount; and if the society fails to do so, such amount shall be recovered by the Registrar.

*Membership*

12. (1) No registered society shall fix any limit to the number of its members.

(2) The election and admission of members to a registered society, other than original members, shall be in such manner and on such conditions as the by-laws shall prescribe.

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

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

15. Any member who loses any of the qualifications for membership prescribed by the Ordinance or the regulations or the by-laws shall cease to be a member of the registered society, and the committee shall cause his name to be struck off the Register of Members without prejudice to any liabilities of such person under section 31 (1).

*Purchase by society of shares from members and repayment of money paid towards purchase of shares*

16. (1) Unless the Registrar otherwise in writing directs, every registered society having limited liability which has issued shares to obtain funds shall form and maintain a fund, which shall be known as the share transfer fund, to meet expenditure which may be incurred by such society in purchasing the shares of members whose membership has terminated with the consent of the committee. Such fund shall be formed from moneys allocated to it by the society from that part of the net surplus of the society remaining after the carrying into the general reserve fund of the proportion of its net surplus for any period as required under section 36 (1).

(2) No payment from the share transfer fund shall be made for the purchase of the shares of any member whose membership has terminated without the consent of the committee.

[Subsidiary]

(3) No purchase of the shares of a member whose membership has terminated by reason of any cause other than death shall be made by any such society as aforesaid except with moneys then available in the share transfer fund and the prior consent in writing of the Registrar under paragraph (6) to such purchase having been first had and obtained.

(4) The amount standing to the credit of the share transfer fund shall include the value of any unallocated shares purchased from members under the foregoing provisions of this regulation and such amount shall at no time exceed 10 per cent of the subscribed share capital of the society.

(5) The shares of members purchased under the preceding provisions of this regulation shall be re-issued before any new allocation of shares is made.

(6) It shall be in the entire discretion of the Registrar to give, or to refuse to give, his consent under paragraph (3) to any intended purchase. His decision to give, or not to give, such consent shall be final and conclusive and he shall not be called upon or obliged to ascribe any reasons therefor. Such consent as aforesaid may be given either generally or in respect of any particular transaction and may be given either unconditionally or subject to such conditions as the Registrar, in his discretion, may see fit to impose.

(7) Subject to any other provisions of the Ordinance for the time being in force, and to the preceding provisions of this regulation, no member withdrawing, removed or expelled from any registered society having limited liability and holding deposits or loans from non-members shall be entitled to any repayment by such society of any money paid by him to the society towards the purchase of its shares.

#### *Control of transactions*

17. The Registrar shall have power to prohibit or restrain transactions of any registered society with any persons who are not members of the society if the Registrar is of the opinion that such transactions are opposed to co-operative principles or involve an abuse of any of the privileges accorded to registered societies or involve an evasion of income tax or a breach of any rules or orders of Government.

#### *Nominees*

18. (1) Every appointment of a nominee by any member of a registered society for the purpose of section 17 shall be made in writing signed by the member in the presence of 2 attesting witnesses.

(2) No member of a registered society with share capital shall be entitled to appoint more than 1 nominee unless that member holds more than 1 share.

(3) In any case where more than 1 nominee is appointed by any member, the number of shares to be transferred, or the exact proportions of the amount available that is to be transferred, to each of these nominees shall be specified at the time of the appointment.

(4) Every appointment of a nominee shall be recorded in the Register of Members.

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

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

[Subsidiary]

*Division of Profits*

19. (1) Unless otherwise authorised by the Minister under section 36 (1), no dividend or payment on account of profits shall be made by a society registered with unlimited liability until the general reserve fund has reached a proportion of not less than one-tenth of the society's total liabilities.

(2) No registered society shall pay a dividend if the rate of interest on loans granted by it to its members exceeds 12 per cent per annum.

(3) No registered society shall pay a dividend on share capital exceeding 5 per cent per annum on the capital actually paid up.

(4) Upon the auditing of the accounts of any registered society for any period under section 37 (1) and the carrying of one-fourth part of the net surplus for such period as shown in such accounts into general reserve as required by section 36 (1), the net balance of such surplus may after the payment therefrom of any such dividend on share capital as shall be determined under these Regulations and the making of such other provision as may be necessary for the proper conduct of the society, be divided, where such society is a society which has among its principal functions trading or dealing in goods of any kind, amongst the members thereof as a bonus or rebate in proportion to the value of business each member has transacted with the society during the period in question or, where such society is not a society as aforesaid, be distributed as a bonus on the wages or the value of the products of each member, or may be devoted to reducing the cost of services to members.

(5) The Registrar or an assistant registrar may prohibit a registered society from making a loan or supplying goods or services to any person or paying a bonus or distributing any part of its accumulated funds without an authorisation in writing by the Registrar or assistant registrar. This power may not be delegated by the Registrar or assistant registrar.

*Maximum Liability*

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

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

*General Meetings*

21. The supreme authority in a registered society shall be vested in the general meeting of members at which every member has a right to attend and vote on all questions. Subject to the provisions of sections 26 and 27, each member shall have 1 vote only which shall be exercised in person and not by proxy.

22. The first general meeting of members shall have the same powers as are given to the annual general meeting, and shall be held immediately or not later than 1 month after the receipt of the certificate of registration of the society.

*Annual General Meeting*

23. The annual general meeting of members shall be convened by the committee not later than 1 month after the report on the audit of the accounts of the registered society by the Registrar or person authorised by him is received by the



[Subsidiary]

committee, and at least 8 days' notice shall be given before any such general meeting is held:

Provided that the Registrar may at any time after the audit of the accounts has been completed convene the annual general meeting which shall proceed as if it had been convened by the committee.

24. The functions of the annual general meeting shall be—

- (a) to confirm the minutes of the previous annual meeting and of any intervening special general meeting;
- (b) to consider the reports of the committee and the balance sheet together with the report on the audit of the accounts of the registered society for the previous year as prepared by the Registrar or the person authorised by him;
- (c) to approve the accounts, or, if the accounts are not approved, to cause the secretary to notify the Registrar who shall consider the matter and make his decisions thereon, and such decision as to the correctness of the accounts shall be final and conclusive;
- (d) to decide upon the manner in which any moneys available for utilisation in accordance with regulation 19 (4) shall be dealt with;
- (e) to fix, or make any necessary alterations to, the amount of maximum liability required to be fixed by regulation 20 (1);
- (f) to appoint by election the members of the committee of the society (including a chairman and vice-chairman of such committee) and to elect any person who is to represent the society at any meeting of any other co-operative society, body or persons;
- (g) to approve any estimates of income and expenditure for the ensuing year proposed to be forwarded to the Registrar in fulfilment of any requirement made under regulation 41 (c);
- (h) to hear and decide upon any complaints brought by members aggrieved by a decision of the committee:

Provided that notice of such complaints to be brought before the meeting has been given to the secretary at least 2 days prior to the meeting; and

- (i) to transact any other general business of the registered society.

#### *Special General Meeting*

25. A special general meeting of members may be convened at any time by the committee; and on receipt of a demand stating the object of the proposed meeting signed by not less than one-fifth of the members of the registered society, if such society is composed of less than 100 members, or by 25 members if such society consists of 100 or more members, it shall be the duty of the chairman of the committee to convene such a meeting giving 8 days' notice. If the chairman of the committee fails to convene a meeting within 14 days from the receipt of a demand as aforesaid the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the chairman of the committee to convene the meeting demanded:

Provided that the Registrar or a person authorised by him may at any time summon a special general meeting of the registered society in such manner and at such time and place as he may direct. He may also direct what matters shall be discussed at the meeting. Such meeting shall have all the powers of a meeting called according to the regulations.

[Subsidiary]

*Quorum at General Meetings*

26. (1) The quorum at general meetings of registered societies shall be as prescribed in the by-laws of the society:

Provided that when a meeting is convened by the Registrar, any members present at such a meeting may, if the Registrar, in his discretion, shall so decide, be deemed to form a quorum.

(2) If within 1 hour after the time fixed for any meeting, other than a meeting convened by the Registrar, the members present are not sufficient to form a quorum, such meeting shall be considered as dissolved if convened on the demand of members; in all other cases it shall stand adjourned to the same day in the next week at the same time and place and a notice to that effect shall be posted by the secretary within 24 hours, and if at the adjourned meeting a quorum is not present within 1 hour from the time appointed for the meeting, the members present shall form a quorum.

*Chairman of General Meetings*

27. (1) At all general meetings of the society, the chairman of the committee or, if he is absent or unwilling to preside, the vice-chairman, if any, of the committee shall preside. In the event of both the chairman and the vice-chairman being absent or unwilling to preside, any other person elected for the purpose by the majority of members present shall preside at such meeting:

Provided that the Registrar or a person appointed by him may preside at any meeting convened by, or on the demand of, the Registrar.

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

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

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

*Voting at Meetings*

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

29. (1) At any meeting a resolution put to the vote shall be decided on a show of hands unless voting by call of names or a ballot is demanded by at least 5 of the members present before the declaration of the result of the show of hands, and in such case voting by call of names or a ballot shall be taken as the case may be.

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

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

[Subsidiary]

*Minutes of General Meetings*

30. (1) Minutes of the meetings shall be entered in the minute book and signed by the chairman and secretary before the dissolution or adjournment of the meeting and shall contain—

- (a) the number and names of the members present at the meeting and the name of the chairman or of the person who presided at the meeting;
- (b) the time fixed for the meeting and the time the meeting commenced;
- (c) the total number of members on the date on which the meeting was held; and
- (d) all resolutions passed or decisions made at the meeting.

(2) Unless the Registrar otherwise directs, every registered society shall forward to the Registrar within such time after each meeting of such society as the Registrar may direct a true copy of the minutes of such meeting. It shall be the duty of the chairman and of the secretary of each society to satisfy themselves that every copy of its minutes forwarded under this subregulation is a true and complete copy of the original whereof it purports to be a copy and they shall certify themselves to be so satisfied on each such copy before forwarding it to the Registrar.

*Election of members of committee etc.*

31. (1) The committee shall consist of such number of members as the by-laws shall prescribe and they shall be appointed by election at a general meeting to be held once every year.

(2) Subject to the other provisions of this regulation, members of the committee shall hold office until the appointment of a new committee and shall be eligible for re-election or re-appointment:

Provided that any elected member of the committee may be suspended or removed by a majority of three-fourths of the members present and voting at a special general meeting.

(3) If a special general meeting removes any member of the committee it shall forthwith elect a new member who shall hold office until the appointment of a new committee.

(4) Where during the term of office of the committee a vacancy occurs among the members thereof, the committee may co-opt any member of the society to fill the vacancy until the appointment of a new committee.

(5) The quorum at committee meetings shall be as prescribed by the by-laws.

(6) In the temporary absence from any meeting of the committee of the chairman, the vice-chairman shall preside. In the absence of both the chairman and vice-chairman from such meeting the members present shall elect 1 of their number to preside. The chairman, vice-chairman or other person presiding shall have a casting vote in addition to his deliberative one.

(7) A member shall not be eligible for election to the committee if—

- (a) he is an undischarged bankrupt, having been adjudged or otherwise declared bankrupt under any law for the time being in force in any part of the Commonwealth;
- (b) he is certified insane or otherwise adjudged to be of unsound mind under any law for the time being in force in the Gilbert Islands;
- (c) he is holding any office of profit under the society or is in receipt of any honorarium from it, and does not hold the Registrar's written consent to

## [Subsidiary]

his serving as a member of the committee notwithstanding his holding such office or receiving such honorarium;

- (d) he, or any firm of which he is a partner or a member, is engaged in any trade or business which—
- (i) where the membership in question is of the committee of any society which has among its principal functions the making or guaranteeing of advances to its members, is a moneylender as defined by section 2 of the Moneylenders Ordinance (now repealed); or
  - (ii) where the membership in question is of the committee of any society which has among its principal functions trading or dealing in goods of any kind, trades or deals (whether as principal or agent) in such goods.

Cap. 58 of  
1973

- (8) The seat of any member of the committee shall become vacant if—
- (a) he dies;
  - (b) he resigns by writing under his hand addressed to the committee;
  - (c) his office is deemed to have become vacant under regulation 35;
  - (d) he is convicted by a court of any offence involving dishonesty, or is under a sentence of imprisonment (by whatever name called) for a term exceeding 3 months, other than a sentence in lieu of a fine, but including a suspended sentence, imposed on him by a court in any part of the Commonwealth or substituted by competent authority for some other sentence imposed on him by such a court;
  - (e) he ceases to be a shareholder in the society;
  - (f) where he represents a primary society in any secondary society, he ceases to be the authorised representative of such primary society; and
  - (g) any circumstances arise which, if he were not a member of the committee, would cause him to be disqualified for appointment by election as such by virtue of paragraphs (a), (b), (c) or (d) of paragraph (7).

*Duties of Committee*

32. (1) The committee shall be the executive authority of the society and, subject to any directions from a general meeting, it shall manage the affairs of the society; it may bind the society in contract, borrow money on behalf of the society to an amount not exceeding the amount which may have been fixed in accordance with regulation 20 and may institute, defend and settle any legal proceedings on behalf of the society.

(2) The committee shall always keep a copy of the latest annual balance sheet of the society, together with the report referred to in regulation 23, available for inspection by any person entitled to see them.

(3) In addition to its other duties, the committee of each society shall—

- (a) comply with the Ordinance, regulations made under it and the by-laws of the society;
- (b) maintain true, full and accurate records and accounts;
- (c) keep and correctly maintain a register of all the members of the society;
- (d) lay before the annual general meeting of the society an income and expenditure account, an audited balance sheet and estimates of income and expenditure for the ensuing year;
- (e) assist and facilitate the inspection of any books, records or property of the society by any person entitled to inspect the same;

[Subsidiary]

- (f) ensure where the society has among its principal functions the making or guaranteeing of advances to members that loans made by the society for any specific purpose are applied to that purpose and that proper security is taken for such advances in accordance with the by-laws of the society;
- (g) where the society is one which has among its principal functions trading or dealing in goods of any kind, to ensure that all contracts made between the society and its members are duly observed.

*Meetings of Committee*

33. The committee shall hold meetings not less frequently than once a month, or as directed by the Registrar, at which—

- (a) the minutes of the previous meeting shall be read;
- (b) the accounts, bank book and cash in hand shall be scrutinised and checked;
- (c) any loans due and owing to the society shall be considered and any action considered necessary in respect of such loans authorised;
- (d) any current business shall be considered.

*Minutes of Meetings of Committee*

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

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

*Failure to attend Meetings of Committee*

35. Any member of the committee who, without due excuse approved by the committee, fails to attend at 3 consecutive meetings of the committee, shall be deemed to have vacated his office which shall thereupon be filled as provided by regulation 31.

*Banking Account*

36. (1) The committee may, subject to the approval of the Registrar, open a banking account and all cheques shall be signed by 2 members of the committee and the secretary:

Provided that with the authority in writing of the Registrar previously obtained, cheques may be signed by 1 member of the committee and the secretary:

And provided further that the Registrar, acting in his discretion, may by writing under his hand addressed to the committee of any society, direct that all cheques and other documents relating to the banking account of the society be signed by such person or persons as he, after consultation with the committee, shall nominate in that behalf in addition to those persons whose signatures are required under the preceding provisions of this regulation; and any direction given under this proviso shall, unless previously terminated by the Registrar, cease to have effect upon the expiration of 5 years from its being made.

[Subsidiary]

*Employees*

37. (1) The Committee may—

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

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

(3) A registered society shall, subject to any contrary direction by the Registrar, not appoint any person as its paid officer or servant unless such person gives security in such form and in such amount as the Registrar may fix for the kind of service to be performed by such an officer or a servant or for the class of society to which that registered society belongs.

*Loans*

38. (1) Where the by-laws of a society permit loans to be made to members the provisions of this regulation shall apply.

(2) An application shall be made to the committee in such form as the Registrar may direct.

(3) The application shall be considered at a meeting of the committee, and if the committee are satisfied that—

- (a) the loan is adequately secured;
- (b) the applicant is trustworthy;
- (c) it is in the interest of the applicant and the society generally that the loan should be made;

and the committee approve of the purpose for which the loan is registered, the committee may sanction the loan.

(4) No loan shall be advanced until the terms upon which it is made have been reduced to writing to the satisfaction of the committee.

(5) It shall be a condition of every loan that the borrower shall apply the proceeds of the loan to the purpose for which it was given.

(6) Every loan shall become immediately repayable upon breach of any of the conditions thereof.

(7) The committee may, for good cause, extend the time for repayment of any loan.

(8) In all matters appertaining to loans the committee shall act in accordance with the directions of the Registrar.

*Marketing*

39. Any question as to the breach of a by-law relating to the disposal of produce to or through the society, or the breach of a condition of any contract between the society and a member relating to such matter and the assessment of any liquidated damages for such breach shall be dealt with under the provisions of section 52.

*Bad Debts*

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

[Subsidiary]

*Preparation of Annual Accounts and Report*

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

- (a) cause the secretary to prepare and send to the Registrar the yearly balance sheet closed on such annual date as may be specified in the by-laws or, where no such specification is made, as the Registrar, in his discretion, may see fit to specify either generally in relation to all societies or particularly in relation to any society or societies;
- (b) prepare a report on the year's working of the registered society to be presented to the annual general meeting;
- (c) if required by the Registrar, cause the secretary to prepare and forward to the Registrar an estimate of income and expenditure for the ensuing year after the approval of such estimate at a general meeting of the society; and
- (d) cause the secretary to prepare and forward to the Registrar such monthly or quarterly returns in the form prescribed, as the Registrar may require.

*Approval of Expenditure*

42. No society shall in any year incur any expenditure in excess of that provided for in the estimate of expenditure for that year approved by the society in general meeting unless such additional expenditure is specially approved by the society in general meeting and by the Registrar.

*Transfer of Shares*

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

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

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

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

*Sales of Shares of Members in default*

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

[Subsidiary]

*Secretary*

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

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

(3) No appointment made under paragraph (1) shall be valid and effective and no remuneration fixed thereunder shall be payable or recoverable, unless approved by the Registrar. Every such approval shall be communicated in writing by the Registrar to the committee.

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

(5) The secretary shall occupy his office until his services are determined by 1 month's notice in writing given by the committee:

Provided that no determination as aforesaid shall be valid and effective until the approval of the Registrar in writing has been obtained therefor.

(6) The secretary may resign his office by giving 1 month's notice to the committee in writing.

(7) On the occurrence of a vacancy in the office of the secretary, the provisions of this rule shall apply *mutatis mutandis* to the filling of such vacancy.

*Payment of Secretary*

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

*Security by Secretary*

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

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

*Suspension of Secretary*

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

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

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

*Temporary Absence of Secretary*

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



[Subsidiary]

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

(3) In case the secretary desires to be absent from duty for more than 1 month at any one time the committee shall, before granting permission for such absence, obtain the previous approval of the Registrar therefor.

#### *Duties of Secretary*

50. The duties of the secretary shall be—

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

Provided that if the payment is made outside the registered society's office the secretary shall, in every instance, obtain from the payee a manuscript receipt and attach it to a separate page of the payment book;

- (i) to issue a receipt on a form to be taken from the prescribed counterfoil book when receiving money from the treasurer;
- (j) to summon meetings as provided in the rules; and
- (k) any other duties which the by-laws or the committee of the society shall require him to do.

[Subsidiary]

*Appointment of a Manager*

51. (1) The committee may, with the approval of the Registrar, appoint a manager, who shall be subject to the direction and control of the committee and whose duties may include—

- (a) the general management and conduct of the current business of the society and, when authorised in that behalf, the signing of documents on behalf of the committee;
- (b) all such duties as may be entrusted or delegated to him by the committee; and
- (c) attending, all general meetings of the society and all meetings of the committee for the purpose of giving information or tendering advice.

(2) The post of manager of the society may, in the discretion of the committee and with the approval of the Registrar, be held by 1 person conjointly with that of secretary of the society.

*Treasurer*

52. (1) The committee may appoint 1 of the members of the committee not being the chairman, to be the treasurer.

(2) The treasurer may be required to give security for such amount as may be determined by, and to the satisfaction of, the committee.

(3) The duties of the treasurer shall be—

- (a) to receive from the secretary as provided in regulation 50 (f) moneys collected by the secretary on behalf of the society and to furnish him with a receipt therefor in the form for the time being approved by the Registrar;
- (b) to advance money to the secretary for payments and obtain from him a receipt in the form for the time being approved by the Registrar;
- (c) to place to the account of the registered society in such bank as may be approved by the Registrar any amount in his hands in excess of the amount fixed from time to time by the committee;
- (d) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys; and to produce, at all times when called upon, to the committee, the Registrar or any person authorised by him, all moneys in his hands belonging to the registered society; and
- (e) to keep a record on the prescribed form of all moneys received by him from the secretary and of all moneys paid to the secretary.

*Secretary or Manager may perform duties of a Treasurer*

53. If no person has been appointed to be the treasurer of a society, the duties placed upon the treasurer by paragraphs (c) and (d) of regulation 54 (3) may be performed by the society's secretary or its manager, as the committee may direct.

*Use of Funds*

54. (1) The general reserve fund of a registered society created in pursuance of the provisions of section 36 (1), may, with the sanction of the Registrar—

- (a) be utilised in the business of the registered society; or

[Subsidiary]

- (b) be applied to meet occasional deficiencies incurred by the registered society.
- (2) In sanctioning the utilisation or application of the general reserve fund under paragraph (1) the Registrar may impose such terms and conditions as he may deem fit.
- (3) The general reserve fund shall be indivisible and no member shall be entitled to claim any specified share therein.
- (4) No part of any of the funds of a registered society shall be used for the acquisition of land, buildings, plant or machinery without the previous approval of the general meeting of the society and of the Registrar.

#### *Audit of Accounts*

55. In pursuance of the provisions of section 37, the accounts of every registered society shall be audited once at least in every year by some person authorised by the Registrar. Such person shall have access to all the books and accounts of the registered society and shall examine every balance sheet and annual return of the receipts and expenditure, funds and effects of the registered society, and shall verify the same with the accounts and vouchers relating thereto, and shall either sign the same as found by him to be correct, duly vouched and in accordance with the Ordinance, and shall report to the Registrar accordingly, or shall specially report to the Registrar in what respects he finds the same incorrect, unvouched or not in accordance with the Ordinance; and the Registrar shall thereupon forward the report of such person to the committee.

#### *Audit and Supervision Fund*

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

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

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

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

(5) Until a society for supervision and audit has been established and registered, the amount to be contributed in each financial year by every registered society called upon under paragraph (1) shall be such amount as the Registrar shall from time to time determine:

Provided however that such amount in the case of any such registered society shall not be less than \$20 or more than 1 per cent of the aggregate amount of all sales effected and work done by that society in the financial year immediately preceding that in respect of which such contribution is required to be made; and in this paragraph, "financial year" means any period of 12 months ending on the 31st day of March in any year.

[Subsidiary]

*By-laws*

57. (1) The by-laws of a proposed society shall contain provision in respect of the following matters—

- (a) the name of the society;
- (b) the registered address of the society;
- (c) the objects for which the society was established;
- (d) the purposes to which the funds may be applied;
- (e) the qualifications for membership, the terms of admission of members, and the mode of election;
- (f) the nature and extent of the liability of members;
- (g) the manner of raising funds, including the maximum rate of interest on deposits;
- (h) the total number of members of the committee;
- (i) the quorum of the committee; and
- (j) such other matters relating to the operation and purposes of the society as the Registrar may approve.

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

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

*Amendment of By-laws*

58. (1) Where in pursuance of the provisions of section 10 (1) a registered society amends its by-laws, such amendment shall be made by a resolution of the members of the registered society at a general meeting.

(2) Every resolution under paragraph (1) shall not be valid and effective unless it was taken by a majority of not less than three-fourths of the members present at the general meeting at which the resolution was proposed.

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

*Copies of Entries*

59. For the purposes of section 20 a copy of an entry in the book of a society may be certified by a certificate written at the foot of such copy, declaring that it is a true copy of such entry and that the book containing the entry is still in the custody of the society, such certificate being dated and signed by the secretary and 1 member of the committee.

*Reference of a dispute to the Registrar for decision*

60. (1) Reference of a dispute to the Registrar for decision under the provisions of section 52 (1) may be made—

- (a) by the committee; or

[Subsidiary]

- (b) by the registered society in pursuance of a resolution in that behalf taken in general meeting; or
  - (c) by any party to the dispute; or
  - (d) where the dispute concerns a member of the committee and the registered society, by any member of the registered society.
- (2) Every reference under this regulation shall be made by a statement in writing addressed to the Registrar. Such statement shall—
- (a) be dated;
  - (b) specify the dispute;
  - (c) set out full particulars of the dispute; and
  - (d) be signed by the party making it.

*Reference to Arbitration by the Registrar*

61. (1) Where, in pursuance of the provisions of section 52 (2) (b), the Registrar decides to refer a dispute to arbitration, such decision shall be embodied in an order of reference under his hand.

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

- (a) specify the name, surname, place of abode and occupation of the arbitrator or arbitrators;
- (b) set out the dispute and full particulars thereof; and
- (c) limit the time within which the award shall be forwarded by the arbitrator or arbitrators to the Registrar:

Provided that, on good cause shown to his satisfaction, the Registrar may by a further order enlarge the time whether before or after the time limited by the order of reference has expired.

(3) Where the Registrar decides to refer a dispute to more than one arbitrator such reference shall be to 3 arbitrators, of whom 1 shall be nominated by each of the parties to the dispute and the third shall be nominated by the Registrar and shall act as chairman.

(4) Where under paragraph (3) reference is made to 3 arbitrators, the following provisions shall have effect—

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

*Proceedings before the arbitrator or arbitrators*

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

[Subsidiary]

- (a) notice of the time and place at which the proceedings are to be held shall be given to the parties to the dispute, and such notice shall be a 10 days' notice;
  - (b) a record of the evidence adduced before the arbitrator or arbitrators shall be made, dated and signed by the arbitrator or arbitrators;
  - (c) documents produced as exhibits before the arbitrator or arbitrators shall be marked, dated and initialed by the arbitrator or arbitrators and shall be attached to the file of the proceedings; and
  - (d) in the absence of any party duly notified to attend, the dispute may be decided by the arbitrator or arbitrators *ex parte*.
- (2) The award of the arbitrator or arbitrators shall—
- (a) be in writing;
  - (b) be dated and signed by the arbitrator or arbitrators; and
  - (c) state the amount of the costs and expenses of the arbitration, if any, and by which party or parties to the dispute the same are to be paid.
- (3) Upon the completion of the proceedings, the arbitrator or arbitrators shall forward to the Registrar—
- (a) the file of the proceedings; and
  - (b) the award.

*Proceedings before the Registrar*

63. Where, in pursuance of the provisions of section 52 (2) (a), the Registrar exercises the power of deciding a dispute himself, the proceedings before him in relation thereto shall, as nearly as possible, be conducted in the same way as proceedings before a court of law and the provisions of regulation 61 shall apply *mutatis mutandis* to such proceedings.

*Fees*

64. The fees specified in the schedule hereto shall be payable for the matters to which they relate.

SCHEDULE OF FEES

(Regulation 64)

For the registration of a society of which no member is a registered society \$4  
For the registration of a society of which a member is a registered society \$20