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REGULATIONS

made by the Governor in Council on the 2nd June, 1948, and amended on the 21st October, 1949.

Reg. 16 of
1948.
14 of 1949.

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

2. In these regulations—

“the Ordinance” means the Co-operative Societies Ordinance;

“section” means a section of the Ordinance;

“Secretary” means the Secretary of a registered society.

Interpreta-
tion.

3. (1) The Commissioner shall keep or cause to be kept at his office a Register (to be called “the Register of Societies”) in which there shall be entered particulars relating to the registration of co-operative societies and to registration of the rules of registered societies.

Register of
Societies.

(2) All original entries in the Register of Societies shall be made by, or under the direction of, the Commissioner and shall be signed by him.

(3) Every alteration, interlineation or erasure in the Register of Societies shall be initialled by the Commissioner.

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

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

Application
for registra-
tion of a
society.

(2) The Commissioner may require that there shall be submitted, together with the application, 3 copies of the proposed rules of the society.

5. (1) Where the Commissioner decides to register a proposed society, the society and its rules shall be registered in the Register of Societies.

Registration.

(2) Upon registration of a society, the Commissioner shall forward to the society free of charge—

(a) a certificate of registration;

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

(c) a copy of the Ordinance, and of the regulations in force thereunder.

(3) Where the Commissioner refuses to register a society or its rules, he shall record in writing his reasons for so doing.

Register of
Members.

6. Every registered society shall keep a register (to be called "the Register of Members") in which there 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 9.

Books and
accounts.

7. Every registered society shall keep such accounts and use such books as may from time to time be prescribed by the Commissioner.

Membership.

8. (1) The election and admission of members to a registered society, other than original members, shall be in such manner and on such conditions as are prescribed by the rules.

(2) A member may withdraw from a registered society by giving written notice thereof to the Secretary, but such withdrawal shall be without prejudice to section 29 (1).

(3) If a member acts in contravention of the regulations or rules, or acts in any way detrimental to the interests of a 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 one week before the meeting, but such expulsion shall be without prejudice to section 29 (1).

(4) Any member who loses any of the qualifications for membership prescribed by the Ordinance or the regulations or the rules shall cease to be a member of the registered society, and the committee shall cause his name to be struck off the Register of Members without prejudice to any liabilities of such person under section 29 (1).

(5) In the case of any registered society of limited liability holding deposits or loans from non-members, no member withdrawing, removed or expelled therefrom shall be entitled to a repayment of any money paid by him towards the purchase of shares.

Nominees.

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

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

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

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

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

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

10. (1) Unless otherwise authorised by the Governor under the proviso to section 34 (1), no dividend or payment on account of profits shall be made by a society registered with unlimited liability until the reserve fund has reached a proportion of not less than one-tenth of the society's total liabilities.

Division of profits.

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

(3) No registered society shall pay a dividend on share capital, exceeding six *per centum per annum* on the capital actually paid up.

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

11. (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.

Maximum liability.

(2) The maximum so fixed shall be subject to the sanction of the Commissioner, 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 Commissioner.

Power of
society in
general
meeting.

12. 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 24 and 25, each member shall have one vote only which shall be exercised in person and not by proxy.

First
meeting.

13. The first meeting of members shall have the same powers as are given to the annual general meeting, and shall be held immediately or not later than one month after the receipt of the Certificate of Registration of the Society.

Convening
annual
general
meeting.

14. The annual general meeting of members shall be convened by the committee as soon as the report on the audit of the accounts of the registered society by the Commissioner or person authorised by him is received by the committee. At least eight (8) days' notice shall be given before any such general meeting is held:

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

Functions
of annual
general
meeting.

15. 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 Commissioner 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 Commissioner who shall consider the matter and make his decision thereon, and such decision as to the correctness of the accounts shall be final and conclusive;

(d) to hear and decide upon any complaints brought by members aggrieved by a decision of the committee:

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

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

16. 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 not more than one hundred members, or by twenty-five members if such society consists of more than one hundred members, it shall be the duty of the chairman of the committee to convene such a meeting giving eight (8) days' notice. If the chairman of the committee fails to convene a meeting within fourteen (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:

Special
general
meeting.

Provided that the Commissioner 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.

17. (1) Where a registered society consists of not more than forty members, one-half of the number of the members or 10 members, whichever is the less, shall form a quorum for the purposes of the annual or a special general meeting, and where a registered society consists of more than forty members one-fourth of the total number of the members of such society shall form a quorum for the purposes of the annual or a special general meeting:

Quorum at
general
meetings.
Regs. 14
of 1949.

Provided that in the case of any registered society of which other registered societies are members, the number of members required to form a quorum shall be decided by the rules, and

Provided further that when any meeting is summoned by the Commissioner, any members present at such meeting shall be deemed to form a quorum.

(2) If within one hour after the time fixed for any meeting other than a meeting convened by the Commissioner the members present are not sufficient to form a quorum, such 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 twenty-four (24) hours, and if at the adjourned meeting a quorum is not present within one hour from the time appointed for the meeting the members present shall form a quorum.

Chairman
of general
meetings.

Regs. 14 of
1949.

18. (1) The chairman of the committee or in his absence any other person elected by a majority of those present shall preside at the annual or special general meeting:

Provided that the Commissioner or a person appointed by him may preside at any meeting convened by himself or on his demand.

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

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

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

Voting at
general
meetings.

19. (1) 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.

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

(3) 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 Commissioner and presided over by him or his representative, he or his representative shall not be entitled to vote except on an equality of votes, in which case they shall have a casting vote.

(4) 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.

20. Minutes of the meetings shall be entered in the minute and signed by the Chairman and Secretary and shall contain—

Minutes of
general
meetings.

(a) the number of the members present at the meeting and the name of the chairman or of the person who presided at the meeting;

Regs. 14 of
1949.

(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.

21. The committee shall be elected at the annual general meeting of the registered society in accordance with the rules. The members shall hold office until the next election and shall be eligible for re-election:

Election of
committee.

Regs. 14 of
1949.

Provided that a special general meeting convened for the purpose may remove the committee or any members thereof before the expiration of their period of office by a majority of three-fourths of the members present, who shall proceed at the same meeting to the election of others in their stead who shall hold office until the election of a new committee by the next annual general meeting.

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

Chairman of
the
committee.

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

Duties of
committee.

(2) The committee shall always keep a copy of the latest annual balance sheet of the registered society together with the report referred to in regulation 14, hung in a conspicuous place at the registered office of the society.

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

Meetings of
committee.

Procedure at meetings of committee.

25. At each committee meeting the Secretary shall—

(a) read the minutes of the preceding meeting;

(b) produce the cash book, detail the entries of receipts and payments made therein since the last meeting and with the Treasurer produce the cash in their possession for verification by the committee with the cash book;

(c) produce a statement showing the loans due and unpaid, for determination by the committee as to the action to be taken in each case;

(d) produce applications for loans, if any, for determination by the committee in accordance with the priority of receipt; and

(e) submit any other business for consideration by the committee.

Minutes of meetings of the committee.

26. 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 name of the chairman or other presiding member; and

(c) a short statement of all matters 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.

27. Any member of the committee who, without due excuse approved by the committee, fails to attend at three consecutive meetings of the committee shall be deemed to have vacated his office which shall thereupon be filled as provided by regulation 28.

Vacancies on committee.

28. (1) Vacancies occurring on the committee shall be filled within eight (8) days by the election of substitutes elected by the remaining members of the committee;

Provided that when such election does not take place the Commissioner may appoint the required substitutes.

(2) Any substitutes elected or appointed under sub-regulation (1) of this regulation shall hold office until the expiration of office of the committee.

Borrowing powers.

29. The committee may borrow money on behalf of the registered society to an amount not exceeding such total amount as may have been fixed in accordance with regulation 11.

30. The committee may open a banking account. All cheques shall be signed by two members of the committee and the Secretary: Banking account.

Provided that with the authority in writing of the Commissioner previously obtained, cheques may be signed by one member of the committee and the Secretary.

31. (1) The committee may— Employees.

(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.

REGULATIONS APPLICABLE TO CREDIT SOCIETIES.

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

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

(2) No persons other than members of the committee and the Secretary and the Commissioner and his staff shall be present at any meeting of the committee when an application for a loan is under consideration, except in cases where the application has been received from any member of the committee or from any other officer of the registered society, and the rules specify certain other officers of the registered society who shall be present in such cases. A member of the committee or other officer who applies for a loan or who is proposed as surety for a loan must withdraw while the relevant application is being discussed. If there is a difference of opinion concerning the granting of a loan, the voting shall be taken by ballot. The proceedings with regard to loans at committee meetings shall be kept secret, and any member of the committee or officer of the registered society infringing this regulation shall be liable to immediate expulsion or dismissal.

Security for
loans.

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

Purposes of
loans.

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

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

Documents
relating to
loans.

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

Restrictions
on loans to
defaulters.

37. Where a member—

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

(b) does not satisfy the committee that such default is due to a good cause, such member shall not be entitled to receive another loan from the registered society.

Extensions
of loans.

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

Misapplica-
tion of loans.

39. Where the committee is satisfied that a member of a registered society who has obtained a loan has applied the proceeds thereof to a purpose other than the purpose which is stated in the application therefor under regulation 32, the committee may, by notice in writing to the debtor, demand payment of the loan before the agreed date of payment.

Recovery
of loans.

40. Where—

(a) a loan or an instalment of a loan has not been paid on the date on which it became due; and

(b) no extension for the payment thereof has been given to the debtor by the committee under regulation 38—

the committee shall take steps for the recovery of the same by referring the matter to the Commissioner as prescribed in section 49.

REGULATION APPLICABLE TO MARKETING SOCIETIES.

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

(2) Any member who is proved or adjudged in accordance with the provisions of section 49 to be guilty of a breach of the rules or the relevant contract as the case may be shall pay to the society as liquidated damages such sum as may be specifically assessed or ascertained in manner prescribed by the rules or by the relevant contract and such sum shall be deemed to be a debt due to the society.

REGULATIONS APPLICABLE TO ALL SOCIETIES.

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

43. The committee shall in every year and as soon as conveniently possible within such time as the Commissioner may direct— Preparation of annual accounts and report.

(a) cause the Secretary to prepare and send to the Commissioner the yearly balance sheet closed on the 31st December of the preceding year together with a detailed statement of the profit and loss account; and

(b) prepare a report on the year's working of the registered society to be presented to the annual general meeting.

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

(2) Special transfer forms shall be prescribed by the Commissioner. Regs. 14 of 1949.

(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.

Special provisions as to transfer of shares of a member who is of unsound mind.

45. (1) Where a member or person claiming through a member of a registered society has become of unsound mind or incapable of managing his affairs and no committee, receiver, or guardian has been appointed, the Society may, subject to the provisions of regulation 44 and of section 27, transfer the share or interest of such member to any person nominated by such member for the purposes of section 17, or may pay to the person nominated a sum representing the value of the share or interest of such member ascertained in accordance with sub-regulation (5) of regulation 9.

(2) If no nominee has been appointed, the society may pay a sum representing the value of the member's share or interest to the Public Trustee:

Provided that, if the value of such share or interest does not exceed twenty dollars (\$20), the committee of the society may, subject to any conditions they think fit, pay the whole or any portion of such sum to the person who appears to them to have the care of such member or the management of his affairs.

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

Sales of shares of members in default.

46. The committee may in default of payment by any member indebted to a 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 regulations or rules for the best price obtainable therefor, and apply the proceeds in or towards the discharge of the debt so due and of any expense incurred in or about the same, paying over the balance (if any) to the member without being responsible for any loss occasioned thereby, and the defaulting member shall cease to have any further claim in respect of such share.

Secretary.

47. (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 remuneration fixed under sub-regulation (1) of this regulation shall be payable or recoverable, unless approved by the Commissioner. Every such approval shall be communicated in writing by the Commissioner to the committee.

(4) In the event of failure on the part of the committee to appoint a Secretary, the Commissioner shall appoint a Secretary and, unless the person so appointed is a member of the committee, the Commissioner shall fix his remuneration. Every appointment made by the Commissioner under this sub-regulation shall be valid and effective, and every remuneration fixed by the Commissioner 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 one month's notice in writing given by the committee.

(6) The Secretary may resign his office by giving one 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 regulation shall apply, *mutatis mutandis*, to the filling of such vacancy.

48. The remuneration (if any) of the Secretary shall be paid from the funds of the registered society monthly in arrear. Payment of Secretary.

49. The Secretary may be required to give security in such amount as the committee may determine. Security by Secretary.

50. (1) The committee may at any time suspend the Secretary for any irregularity in the performance of his duties. Suspension of Secretary.

(2) Such suspension shall be reported forthwith to the Commissioner 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 Commissioner.

51. (1) The Secretary shall not absent himself from duty save with the permission of the committee previously obtained. Temporary absence of Secretary.

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

Duties of
Secretary.

52. 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 Commissioner, obtaining at the same time the signature of the person making the payment on the counterfoil;

(f) to deposit with the Treasurer from moneys collected by him on behalf of the registered society all sums in excess of an amount to be fixed from time to time by the committee and to obtain from him a receipt on a form to be taken from the prescribed counterfoil book;

(g) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys; and to produce at all times when called upon to the committee, or the Commissioner 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 Commissioner:

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; and

(j) to summon meetings as provided in the regulations.

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

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

55. The duties of the Treasurer shall be— Duties of Treasurer.

(a) to receive from the Secretary as provided in paragraph (f) of regulation 52 moneys collected by the latter on behalf of the registered society, furnishing him with a receipt on a form taken from the counterfoil book supplied for the purpose by the Commissioner and obtaining at the same time the signature of the Secretary on the counterfoil;

(b) to advance money to the Secretary for payments and obtain from him a receipt from the prescribed counterfoil book;

(c) to place to the account of the registered society in such bank as may be approved by the Commissioner 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 Commissioner 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 received by him from the Secretary and of all moneys paid to the Secretary.

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

Reserve
Fund.

57. (1) The reserve fund of a registered society created in pursuance of the provisions of section 34 (1), may, with the sanction of the Commissioner—

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

(2) In sanctioning the utilisation or application of the reserve fund under sub-regulation (1) of this regulation, the Commissioner may impose such terms and conditions as he may deem fit.

Audit of
accounts.

58. In pursuance of the provisions of section 35, the accounts of every registered society shall be audited once at least in every year by some person authorised by the Commissioner. 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 Commissioner accordingly, or shall specially report to the Commissioner in what respects he finds the same incorrect, unvouched or not in accordance with the Ordinance. The Commissioner shall thereupon forward the report of such person to the committee.

Audit and
Supervision
Fund.

59. (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 Commissioner, 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 Commissioner and administered by him on behalf of the contributing registered societies.

(3) So long as the Commissioner 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 rules.

(5) Until a society for supervision and audit has been established and registered, the Commissioner shall fix the amount of the annual contribution to the fund of every registered society called upon to contribute to the fund. The amount of every such annual contribution shall be subject to a maximum of either ten *per centum* (10%) on the net annual profits of the registered society or of one *per centum* (1%) of the working capital of the registered society.

60. (1) The rules of a proposed society shall contain provision in respect of the following matters— Rules.

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

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

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

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

(2) No resolution under subregulation (1) of this regulation shall be valid or effective unless it was taken by a majority of not less than three-fourths of the members present at the general meeting at which the resolution was proposed.

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

Copies of entries.

62. For the purposes of section 20 a copy of an entry in a 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 one member of the committee.

Reference of a dispute to the Commissioner for decision.

63. (1) Reference of a dispute to the Commissioner for decision under the provisions of section 49 (1) may be made—

(a) by the committee; or

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

(c) by any party to the dispute; or

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

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

64. (1) Where in pursuance of the provisions of section 49 (2) (b), the Commissioner 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 Commissioner:

Provided that, on good cause shown to his satisfaction, the Commissioner 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 Commissioner decides to refer a dispute to more than one arbitrator, such reference shall be to three arbitrators, of whom one shall be nominated by each of the parties to the dispute and the third shall be nominated by the Commissioner and shall act as chairman.

(4) Where under sub-regulation (3) of this regulation reference is made to three arbitrators, the following provisions shall have effect—

(a) if any party to the dispute fails to nominate an arbitrator within such time as the Commissioner may specify, the Commissioner 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 Commissioner shall call upon the party concerned to nominate a new arbitrator within such time as the Commissioner may specify, and if no new arbitrator is nominated accordingly, the Commissioner 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 Commissioner, a new arbitrator shall be nominated in his place by the Commissioner; and

(d) the opinion of the majority of the arbitrators shall prevail.

65. (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—

Proceedings
before the
arbitrator or
arbitrators.

(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 ten (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 initialled by the arbitrator or arbitrators and shall be attached to the file of the proceedings; and

(d) in the absence of any party duly notified to attend, the dispute may be decided by the arbitrator or arbitrators *ex parte*.

(2) The award of the arbitrator or arbitrators shall—

(a) be in writing;

(b) be dated and signed by the arbitrator or arbitrators; and

(c) state the amount of the costs and expenses of the arbitration, if any, and by which party or parties to the dispute the same are to be paid.

(3) Upon the completion of the proceedings, the arbitrator or arbitrators shall forward to the Commissioner—

(a) the file of the proceedings; and

(b) the award.

Proceedings
before the
Com-
missioner.

66. Where, in pursuance of the provisions of section 49 (2) (a), the Commissioner 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 65 shall apply, *mutatis mutandis*, to such proceedings.

Fees.

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

SCHEDULE.

Reg. 67.

1. For registration of a society ^a and its rules	\$ 2.00
2. For registration of an amendment of the rules of a society...	\$ 0.50
3. For every inspection on the same day of documents whether one or more in the custody of the Commissioner and relating to one and the same society	\$ 0.24
Provided that the Commissioner may, in his discretion, waive this fee.	
4. For every copy or extract of any document in the custody of the Commissioner, for every 120 words or part thereof...	\$ 0.12

APPLICATION OF SECTION 34 (1).**ORDER**

*made by the Governor under section 55 on the
24th June, 1950.*

Order 30 of
1950.

From and including the year 1950, the provisions of section 34 (1) of the Co-operative Societies Ordinance shall apply to the classes of societies shown in the first column of the schedule hereto, with the modification shown in the second column of the said schedule.

SCHEDULE.

Class of Society	Modifications.
(a) Co-operative thrift societies and Co-operative savings societies.	At least 15% of the net profits to be carried to the reserve fund.
(b) Co-operative credit societies and Co-operative credit unions.	At least 20% of the net profits to be carried to the reserve fund.

CHAPTER 327.**CO-OPERATIVE CREDIT BANKS.***List of Subsidiary Legislation.*

1. Order in Council: Rate of Interest.
2. The Co-operative Credit Banks Rules.

RATE OF INTEREST.**ORDER IN COUNCIL**

made under section 27(1) on the 1st March, 1948.

O. in C.
10 of 1948.

The rate of interest payable on loans made by all banks under sections 25 and 26 of the Co-operative Credit Banks Ordinance shall be six *per centum per annum*.

CO-OPERATIVE CREDIT BANKS RULES.**ARRANGEMENT OF RULES.****RULE.****PRELIMINARY.**

1. Short title.
2. Interpretation.
3. Form of register.
4. Particulars with respect to registration.
5. Value of shares.
6. Use of seal.

MEMBERSHIP.

7. Qualification for membership.
8. Application for membership.
9. Liability of heirs, etc., on death of member.

GENERAL MEETINGS.

10. Right to vote at general meetings.
11. Number of votes.
12. Annual general meeting.
13. Functions of annual general meeting.
14. Special general meeting.
15. Quorum at meetings.

RULE. THE COMMITTEE OF MANAGEMENT.

16. Election of committee.
17. Election of chairman of committee.
18. Voting at committee meetings.
19. Vacation of office by member of committee.
20. Board may appoint chairman of committee in certain circumstances.
21. Election of presiding officer in absence of chairman.
22. Meetings of committee.
23. Committee to draw up prospectus of bank.
24. Submission of accounts to auditor.
25. Procedure at meetings of committee.
26. Legal proceedings.

THE SECRETARY.

27. Appointment of secretary.
28. Duties of secretary.
29. Suspension or dismissal of secretary.
30. Copies of rules and balance sheet to be exhibited at registered office.

LOANS.

31. Loans to members only.
32. Applications for loans.
33. Terms of loans.
34. Consideration of applications for loans.
35. Procedure on sanction of loan.
36. Failure to repay loans.

SHARES.

37. Transfer of shares.
38. Bank's lien on shares.
39. Duplicate share certificates.

FUNDS.

40. Disposal of revenue.

ACCOUNTS AND BOOK-KEEPING.

41. Books required to be kept by bank.
42. Preparation of annual financial return, etc.

AUDIT OF ACCOUNTS.

43. Duties of auditor.

SETTLEMENT OF DISPUTES.

44. Reference to general meeting of members.

APPLICATION AND COMMENCEMENT.

45. Application.

SCHEDULE.

FORMS.

RULES

*made by the Governor in Council under section 52 on the
1st March, 1948.*

PRELIMINARY.

- | | |
|--|---|
| Short title. | 1. These rules may be cited as the Co-operative Credit Banks Rules. |
| Interpre-
tation. | 2. In these rules—
“the auditor” means the person appointed by the Board, in accordance with section 44(1) of the Ordinance, to audit the accounts of every bank;
“the Ordinance” means the Co-operative Credit Banks Ordinance. |
| Form of
register.
Schedule.
Form 1. | 3. The register of banks shall be in the form, and shall contain the particulars, set out in Form 1 of the schedule hereto. |
| Particulars
with respect
to registra-
tion. | 4. (1) In every application for registration as a bank the name of the bank shall conclude with the words “Co-operative Credit Bank, Limited,” and the address of the registered office shall be stated.

(2) Notice of any change in the address of a registered office shall be sent to the registrar by the secretary of the bank within fourteen days of such change. |
| Value of
shares. | 5. The value of each share in a bank shall be one dollar. |
| Use of seal. | 6. The seal of a bank shall not be affixed to any instrument except by the authority of a resolution of the committee and in the presence of the chairman and one member of the committee, who shall sign every instrument to which the seal is so affixed. |

MEMBERSHIP.

- | | |
|---------------------------------------|--|
| Qualification
for member-
ship. | 7. (1) Any person approved by the committee of management of a bank is qualified for membership of that bank.

(2) Every member shall hold at least one share in the bank. |
| Application
for member-
ship. | 8. (1) Every application for membership shall be signed by the applicant and shall without delay be laid before the committee for approval.

(2) Any person refused membership shall have the right of appeal to the next general meeting of members. The voting |

at such meeting shall be by ballot, and if the majority of the votes of those present approve of the admission of the candidate he shall thereupon be admitted.

9. In the event of the death of a member, the liability of his heirs, executors and administrators shall extend to any loans contracted by him and remaining unpaid at his death, together with the interest thereon.

Liability of heirs, etc., on death of member.

GENERAL MEETINGS.

10. Every member shall be entitled to attend and vote at general meetings, and to obtain all information required concerning the solvency and good management of the bank.

Right to vote at general meetings.

11. Members shall be entitled to vote as follows—

Number of votes.

- for one to five shares one vote,
- for six to ten shares... .. two votes,
- for eleven to fifteen shares... .. three votes,

and so on. In the event of a tie the chairman shall have a casting vote.

12. (1) The first meeting of members shall be deemed to be an annual general meeting under these rules.

Annual general meeting.

(2) An annual general meeting of members shall be called on any date between the 1st February and the 31st May in each year. Not less than 14 days' notice shall be given of such meeting.

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

Functions of annual general meeting.

(a) to receive from the committee, or any officer of the bank, a report and full statement of the accounts for the preceding year and the audited balance sheet; to consider, and if satisfactory to adopt them;

(b) to decide any appeal referred to it from a decision of the committee, provided not less than seven days' notice of the matter being brought before the meeting has been given to the secretary;

(c) to elect the committee and officers as required by these rules;

(d) to transact any other business.

14. A special general meeting of members may be called at any time by the committee, and on the receipt of a requisition

Special general meeting.

in writing signed by not less than one-fifth of the members and setting forth the purpose of the meeting the chairman of the committee shall within 14 days call a special meeting.

Quorum at meetings.

15. (1) The Board shall from time to time decide how many members shall form a quorum for an annual or a special general meeting.

(2) The Chairman of the committee shall preside at general meetings; in his absence from a general meeting the members present shall elect one of the committee to be chairman of the meeting.

THE COMMITTEE OF MANAGEMENT.

Election of committee.

16. (1) The committee of management shall be elected at every annual general meeting. The members shall be eligible for re-election on the expiry of their term of office.

(2) Subject to the Ordinance and these rules, members of the committee shall be members of the bank and shall each hold not less than five shares. There shall not be paid to any member of the committee any salary or remuneration whatsoever.

(3) The committee shall consist of the chairman and ten members. Three members shall constitute a quorum, one of whom shall be the chairman. Vacancies occurring on the committee shall be filled by the committee. Any member so elected shall remain in office until the succeeding annual general meeting, and will then be eligible for re-election.

Election of chairman of committee.

17. The chairman shall be elected by the committee after every annual general meeting and shall preside at meetings of the committee.

Voting at committee meetings.

18. The chairman shall have the right to vote on all questions before the committee and shall have an original and a casting vote. Elected members of the committee shall be entitled to one vote each.

Vacation of office by member of committee.

19. Any member absenting himself from meetings of the committee for four times in succession without having forwarded to the secretary what is deemed by the committee to be a sufficient excuse, will be held to have vacated his office, which shall thereupon be filled as provided in these rules.

20. (1) So long as a bank is indebted to the Government, the Board shall have power to appoint any person, whether a shareholder or not, to be chairman of the committee of that bank.

Board may appoint chairman of committee in certain circumstances.

(2) The number of votes in committee to which a chairman appointed by the Board shall be entitled shall be arrived at in the following manner—the total subscribed capital of the bank shall be divided by the number of elected members of the committee and the number of times the result is contained in the amount due by the bank to the Government shall be the number of votes to which that chairman shall be entitled.

21. In the absence of the chairman from a meeting of the committee the members present shall elect one of their number to preside at the meeting:

Election of presiding officer in absence of chairman.

Provided that in the absence of a chairman appointed by the Board the meeting shall be presided over by some other person appointed by the Board.

22. (1) The committee shall meet at least once a month.

Meetings of committee.

(2) The chairman may, and at the request of any two members of the committee shall within seven days from the time when the request is made, call an extraordinary meeting of the committee to transact any special business which shall be stated in the request and notice.

23. The committee shall draw up a prospectus of the bank which shall be printed, and shall state from time to time the names of the officers, the registered office, the hours of business, the terms and conditions of membership, and the interest and expenses to be charged for loans.

Committee to draw up prospectus of bank.

24. (1) The committee shall on or before the 31st March in every year, submit the accounts, together with a general statement of the same, and all necessary vouchers up to and including the preceding 31st December, for audit to the auditor. The audited statements shall be laid before the annual general meeting.

Submission of accounts to auditor.

(2) The committee may open an account in the Post Office Savings Bank if it considers it advisable. Notice of withdrawal shall be signed by the chairman and the secretary.

25. At each committee meeting the procedure shall be as follows—

Procedure at meetings of committee.

(a) the secretary shall read the minutes of the preceding meeting;

(b) a statement of accounts shall be presented by the secretary, or other officer appointed by the committee, showing the amount due to the Government, the loans outstanding, the moneys received or paid since the last meeting, and the balance on hand;

(c) the statement shall be checked and signed by the chairman and one other member of the committee;

(d) the secretary shall then report as to the instalments of loans due and unpaid, and the action to be taken in each case shall be determined;

(e) the secretary shall then read the list of applications for loans which may not have been previously granted owing to funds not having been available, and a decision shall be arrived at as to which of these shall be granted if funds are reported as being available;

(f) any fresh applications for loans will then be considered and the course to be taken with each determined;

(g) any other business.

Legal proceedings.

26. In any action, prosecution or other legal proceedings instituted or carried on by a bank or instituted or carried on against a bank in any court of justice, the chairman of the committee shall sign on behalf of the bank all necessary documents in connection therewith. In any legal proceeding by or against a bank any necessary authority to a solicitor may be signed by the chairman.

THE SECRETARY.

Appointment of secretary.

27. The committee shall appoint a secretary, subject to confirmation by the Board, at a salary approved at a general meeting. The secretary shall not be a member of the committee nor shall he have a vote as to the granting of any loan.

Duties of secretary.

28. (1) The duties of the secretary shall be—

(a) to summon, attend and record the proceedings at all meetings of the bank and of the committee, and to be present during business hours at the office;

(b) to record the whole of the transactions of the bank in the books provided for that purpose; to keep a register of names and addresses of members; to conduct correspondence on behalf of the bank; to prepare the annual return and balance sheet; and to have charge of the books and vouchers for payments other than promissory notes made on behalf of the bank;

(c) to receive all applications for loans, to report thereon and bring them before the committee; to prepare receipts, and other documents to be signed by borrowers; to pay out amounts authorised by the committee; to deposit all moneys received on behalf of the bank in such bank as the committee shall direct; and to supply forms, balance sheets or information about the bank;

(d) to perform any other duties as may be assigned to him by the committee.

(2) If the secretary be an honorary officer, the duties here stated may be shared with certain members of the committee.

(3) The committee may sanction the appointment of a clerical assistant for some of the stated work, and the expenses shall be defrayed from the funds of the bank.

29. The committee may at any time, subject to approval by the Board, suspend or dismiss the secretary for any irregularity in the performance of his duties.

Suspension or dismissal of secretary.

30. (1) The secretary shall provide himself with copies of these rules, and copies of the last annual balance sheet of the bank together with the auditor's report, to be exhibited in a conspicuous place at the registered office of the bank.

Copies of rules and balance sheet to be exhibited at registered office.

(2) Forms of application for membership, for loans and the instalment cards, shall be subject to approval by the Board and shall be issued on payment of one cent for each form.

LOANS.

31. Loans shall be made to members only, and the security therefor shall be in accordance with the provisions of the Ordinance.

Loans to members only.

32. (1) Any member desirous of obtaining a loan shall fill up and sign a form stating—

Applications for loans.

(a) the object for which it is required;

(b) the amount, and whether it is to be repaid by instalments or otherwise;

(c) the period for which it is desired;

(d) the nature of the security offered, and the existence of any charge on any property offered as security;

(e) the names and addresses of sureties (if any) and the description and value of the immovable property of such sureties.

(2) Every application shall be delivered to the secretary at least one week prior to the committee meeting at which it is desired that it shall be considered.

(3) If the committee, with the approval of the Board in the case of a loan exceeding four hundred and eighty dollars, and subject to the sanction of the Governor in Council in the case of a loan exceeding two thousand four hundred dollars, is satisfied with the position and good faith of the applicant, the sufficiency of the security offered and the purpose for which the loan is required, it may grant the loan, or such part thereof as it considers desirable.

(4) If it is decided that a loan cannot be made either from lack of funds, or otherwise, or if consideration of the application is postponed, notice to that effect shall be sent to the applicant by the secretary.

Terms of
loans.

33. (1) Every loan not exceeding two hundred and forty dollars shall be granted for some fixed term not exceeding one year, when it shall become repayable in full; or it may be made repayable in instalments as may be decided:

Provided that nothing in this rule shall preclude the committee of a bank, before or after such loan has become due and payable, from extending the period for the repayment of the loan for any further period not exceeding one year.

(2) The maximum term of a loan—

(a) exceeding two hundred and forty dollars but not exceeding four hundred and eighty dollars shall be four years;

(b) exceeding four hundred and eighty dollars but not exceeding two thousand four hundred dollars shall be seven years.

(c) exceeding two thousand four hundred dollars shall be ten years.

(3) The rate of interest payable on loans shall be as prescribed by Order of the Governor in Council, but shall not exceed six *per centum per annum*.

(4) All expenses incurred in connection with the granting or management of a loan shall be paid by the borrower at the time the loan is advanced.

Consideration of applications for loans.

34. No person other than members of the committee and the secretary shall be present at any meeting of the committee when an application for a loan is under consideration. A member of the committee who applies for a loan shall withdraw while his application is being discussed. If there is a difference of opinion

concerning the granting of a loan, the voting shall be taken by ballot. The proceedings with regard to loans at committee meetings shall be kept secret, and any member of a committee or officer of a bank infringing this rule shall be liable to immediate expulsion or dismissal.

35. (1) When a loan is sanctioned a notice shall be sent to the borrower to that effect, and if the borrower does not take up the loan within one month from the date of the notice, he may be deemed by the committee to have withdrawn his application. If he accepts the terms offered, then, before the amount is advanced, he and his sureties (if any) shall execute the instrument or instruments relating to the loan.

Procedure on sanction of loan.

(2) All instruments relating to loans and copies of instruments filed with the Registrar of Deeds shall be retained by the chairman and kept in the safe of the bank.

(3) If the loan is repayable by instalments, the borrower shall be supplied with a card, upon which shall be stated the amount and terms of the loan, and upon which each instalment, when repaid by him, shall be entered and initialled by the secretary.

36. (1) In the event of any loan or instalment of loan not being paid on the due date and no satisfactory explanation being placed before the committee by the borrower for non-payment, then the borrower and the sureties (if any) shall be required to pay the whole amount then owing with interest to the date of payment, or steps may be taken towards the realisation of the security given.

Failure to repay loans.

(2) A member failing to pay the amount due and the interest within the time named, and not giving, in the opinion of the committee, a sufficient reason for non-payment, shall not be entitled to receive another loan from the bank until after repayment of the current loan.

(3) If any member is found to have misapplied a loan, the committee shall have power to take proceedings for the immediate repayment of the loan.

SHARES.

37. Shares shall not be repayable except on dissolution of the bank, and shall be transferable at a sum not exceeding face value to a person approved by the committee; no transfer shall be recognised until it has been recorded in the books of the bank. Application for transfer shall be in the form set out in Form 2 of the schedule hereto, and the certificate for the shares to be transferred shall be sent along with the application.

Transfer of shares.

Schedule Form 2.

Bank's lien
on shares.

38. (1) A bank shall have a first and paramount lien upon all shares held by any member and upon all dividends and bonuses which may be declared in respect of such shares, for all debts, obligations and liabilities of such member to the bank, whether the period for payment, fulfilment or discharge thereof shall have actually arrived or not:

Provided that if a bank shall register a transfer of any shares upon which it has a lien as aforesaid without giving to the transferee notice of its claim, the said shares shall be freed and discharged from the lien.

(2) For the purpose of enforcing such lien the committee may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators and default shall have been made by him or them in payment, fulfilment or discharge of such debts, liabilities or engagements for seven days after such notice.

(3) Upon any sale being made by the committee of any shares to satisfy the lien of a bank thereon the proceeds shall be applied first, in the payment of all costs of such sale, next, in satisfaction of the debts or obligations of the member to the bank, and the residue (if any) shall be paid to the said member or as he shall direct, or in the event of his death to his executors or administrators.

(4) Upon any sale being made for enforcing a lien in purported exercise of the powers hereinbefore given the committee may cause the purchaser's name to be entered in the register in respect of such shares and the purchaser shall not be bound to see to the regularity of the proceedings or be affected by any notice of any irregularity therein, and such entry and the receipt of the bank for the price of such shares shall constitute a good title to such shares, and the purchaser shall be entitled to a certificate for the shares, and shall not be bound to see to the application of the purchase money. The remedy of the former holder of such shares and of any person claiming under or through him, shall be against the bank and in damages only.

Duplicate
share cer-
tificates.

39. If any share certificate is lost, defaced, stolen or destroyed, the committee may issue a duplicate thereof on application by the owner, and such application shall be accompanied by a statutory declaration in which shall be set out all particulars relating to the loss, defacement, theft or destruction of the certificate as the case may be, and an indemnity, in the form

set out in Form 3 of the schedule hereto. For every duplicate share certificate so issued there shall be paid a fee of twenty-four cents.

Schedule
Form 3.

FUNDS.

40. (1) The revenue of a bank shall be used—

Disposal of
revenue.

- (a) to supplement the cash available for loans;
- (b) to meet expenses of management;
- (c) to pay interest on amounts borrowed from Government;
- (d) to pay dividends on shares.

(2) Before any dividend is declared the interest on amounts borrowed from the Government, and one-twenty-fifth part of each amount so borrowed, shall be paid to the Government until the whole amount borrowed together with the interest due thereon has been repaid.

(3) After the payments referred to in the last preceding paragraph have been made, a dividend at a rate not exceeding three *per centum per annum* may be paid to shareholders.

ACCOUNTS AND BOOK-KEEPING.

41. The following books shall be kept by a bank, namely—

Books re-
quired to be
kept by bank.

(a) minute books in which the proceedings of every general and committee meeting shall be recorded;

(b) a register of members, showing the names, addresses, the dates of admission, the number of shares held, the numbers of the pages in the ledger in which each current account appears, and any other particulars which the committee requires;

(c) a cash book in which shall be entered all the cash received or paid;

(d) a ledger, into which every entry in the cash book shall be posted; the ledger shall contain a separate account for every member, as well as accounts for capital; loans by the Government, interest, working expenses, and any other accounts found necessary, or considered advisable by the committee or the auditor.

42. (1) On or before the 31st March in each year, an annual financial return shall be prepared which shall show the income and expenditure up to and including the 31st December of the preceding year; also a balance sheet showing the assets and liabilities of the bank, and a list of members showing the number of shares held by each member. Those statements shall be

Preparation
of annual
financial
return, etc.

drawn up in the form the auditor requires, and shall be transmitted with his report thereon to the Board within two weeks of the annual general meeting.

(2) The books and accounts shall be open at all times to inspection by the chairman and to any member at the registered office at times fixed by the Board, and it shall be the duty of the secretary to produce them for inspection if called upon to do so; but no such member or person, unless he is an officer of the bank, or is authorised by a resolution of the bank to do so, shall have the right to inspect another member's account without his written consent.

AUDIT OF ACCOUNTS.

Duties of
auditor.

43. The auditor shall have access to all the books and accounts of a bank, and shall examine the balance sheet and statements of income and expenditure, and shall verify them with the accounts and vouchers relating thereto; he shall also verify the statement of shares held by members with the capital account and all written securities held by the bank. The auditor shall either sign the statement as having been found correct, and duly vouched, or shall specially report to the general meeting of the bank before which the report is laid, in what respects the statements have been found incorrect or otherwise incomplete.

SETTLEMENT OF DISPUTES.

Reference to
general meet-
ing of mem-
bers.

44. Any member who is dissatisfied with the management of the bank or with any decision of the committee may bring the same before a general meeting of members, whose decision shall, subject to the approval of the Board, be final.

APPLICATION AND COMMENCEMENT.

Application.

45. (1) These rules apply to all banks, and with respect to banks already in existence on the coming into operation of these rules, are in substitution for the rules hitherto governing those banks.

(2) These rules bind a bank and the members thereof, and all persons claiming through them, respectively, to the same extent as if each member had subscribed his name and affixed his seal thereto, and there were contained in the rules a covenant on the part of himself, his heirs, executors, and administrators, to conform thereto.

SCHEDULE.

FORM 1.

rule 3.

REGISTER OF CO-OPERATIVE CREDIT BANKS.

No.	Registered name of Bank	Address of Registered Office	Share Capital at date of Registration.	Date of Registration.	Signature of Registrar.	Remarks

FORM 2.

rule 37.

APPLICATION FOR TRANSFER OF SHARES.

I one of the members of the Co-operative Credit Bank Limited, for consideration received from do hereby make application for the transfer of shares of and in the said bank to the said of to hold the same unto the said heirs, executors, administrators and assigns, subject to the rules of the bank; and I, the said do hereby agree to accept the said shares subject to the said rules.

As witness our hands this day of

.....

FORM 3.

rule 39.

DECLARATION AND INDEMNITY FOR DUPLICATE SHARE CERTIFICATE.

The Co-operative Credit Bank, Limited.

Registered Office.....

I, do solemnly and sincerely declare that I am the registered holder of shares in the Co-operative Credit Bank, Limited, and that the Certificate numbered and issued on the in respect of the said shares has been and that I have made, or caused to be made, diligent but unavailing search for the same; and I further declare that I have not sold, pledged, or in any other way encumbered or disposed of the said shares.

And I make this solemn Declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Ordinance (Chapter 36.)

Declared at this

19....

Commissioner of Oaths.

I, the abovenamed, do hereby request the Co-operative Credit Bank, Limited, to issue to me a duplicate Certificate of the above-mentioned, notwithstanding the loss of the Certificate numbered and in consideration of the Bank doing so, I hereby for myself, my heirs, executors, or administrators, indemnify the said Bank against all claims and demands, moneys, losses, damages, costs, and expenses which may be brought against, or be paid, incurred or sustained by the said Bank by reason or in consequence of the said Certificate having been or by reason or in consequence of the issuing to me of the said duplicate Certificate or otherwise howsoever in relation thereto respectively.

I further undertake and agree, if the said Certificate shall hereafter be found, forthwith to deliver up the same or cause the same to be delivered up to the Bank, their successors and assigns without cost, fee, or reward.

Dated this day of 19....

Signed by the said in the presence of

Witnesses

