

Schedule 1 — Matters for which rules must make provision

[s. 98]

1. Requirements for all co-operatives

The rules of all co-operatives must set out or make provision for each of the following —

- (a) the name of the co-operative;
- (b) active membership provisions (within the meaning of Part 6);
- (c) the mode and conditions of admission to membership, and the payment to be made or the share or interest to be acquired before rights of membership are exercised;
- (d) the rights and liabilities of members, of the estates of deceased members, and of representatives of members under bankruptcy or mental incapacity;
- (e) the circumstances in which members may be expelled or suspended, and the rights and liabilities of expelled and suspended members;
- (f) the circumstances in which membership ceases;
- (g) the charges or subscriptions that are payable by a member to the co-operative;
- (h) the circumstances in which fines and forfeitures may be imposed on members of the co-operative, and the amount of the fines (being not more than the maximum amount prescribed by the regulations);
- (i) the grievance procedures for settling disputes under the rules between the co-operative and any of its members as defined in section 79(4), or between a member and another member;
- (j) the restrictions, if any, on the powers of the co-operative and the board;
- (k) the number of directors, the qualification of directors, the way of electing, remunerating and removing directors and filling a vacancy, the period for which directors are to hold office, whether directors are to retire by rotation or otherwise, and the holding of elections;
- (l) the quorum for, and the procedure at, meetings of the board;
- (m) the design, custody and use of the seal of the co-operative;
- (n) the manner in which the funds of the co-operative are to be managed, and in particular the mode of drawing and signing cheques, drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the co-operative;
- (o) the custody of securities belonging to the co-operative;
- (p) the way in which debentures are to be transferred;
- (q) the date on which the financial year of the co-operative ends;
- (r) the auditing of the financial reports of the co-operative, and the appointing of the auditor;
- (s) the way in which a loss that results from the transactions of the co-operative is to be dealt with;
- (t) the procedure for calling general and special meetings, the requisite notices of meetings, and the quorum for meetings, of the co-operative;

- (u) the procedure at meetings of the co-operative, including the rights of members in voting at meetings, the manner of voting, and the majority necessary for carrying resolutions;
- (v) the method of conducting postal ballots, including special postal ballots, and the sending and lodgment of information and votes by facsimile or electronic means;
- (w) the way of altering the rules;
- (x) the way in which the co-operative may be wound-up;
- (y) a matter prescribed by the regulations for the purposes of this clause;
- (z) a matter that the co-operative considers needs to be provided for in the rules.

2. Additional matters — co-operatives with share capital

In addition to the matters specified in clause 1, the rules of a co-operative with a share capital must set out or make provision for each of the following —

- (a) the nominal value of each share in the co-operative;
- (b) the amount of the contingent liability, if any, attaching to shares;
- (c) the terms on which shares, not including bonus shares but including shares, if any, with a contingent liability attached to them, are to be issued;
- (d) the periodic subscriptions by which or the way in which shares are to be paid for;
- (e) in the case of a distributing co-operative, the manner in which a surplus may be distributed;
- (f) the allocation of a deficiency on the winding-up of a co-operative;
- (g) the forfeiture of shares on expulsion or on failure to pay a subscription or call, the extent to which members whose shares have been forfeited are to remain liable for an amount still unpaid for them, and the sale or cancellation of forfeited shares;
- (h) the way in which shares are to be transferred;
- (i) a matter prescribed by the regulations.

3. Additional matters — non-distributing co-operatives

- (1) In addition to the matters specified in clauses 1 and 2, the rules of a non-distributing co-operative must provide —
 - (a) that there must be no return or distribution on surplus or share capital to members other than the nominal value of shares, if any, at winding-up; and
 - (b) for the way of distribution of the surplus property at winding-up.
- (2) In addition to the matters specified in clauses 1 and 2, the rules of a non-distributing co-operative that has operated as a mutual may provide that —
 - (a) surplus funds are payable only to members who have paid contributions to the co-operative and have a credit balance in their member's ledger; and
 - (b) the payment of surplus funds is limited to the return of the contributions paid by the member to the co-operative and the nominal paid up value of the shares, if any.