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Act 502

CO-OPERATIVE SOCIETIES ACT 1993

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CO-OPERATIVE SOCIETIES ACT 1993

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LAWS OF MALAYSIA

Act 502

CO-OPERATIVE SOCIETIES ACT 1993

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SCHEDULE

LAWS OF MALAYSIA**Act 502****CO-OPERATIVE SOCIETIES 1993**

An Act to make provisions for the constitution, registration, control and regulation of co-operative societies; to promote the development of co-operative societies in accordance with the co-operative values of honesty, trustworthiness and transparency in order to contribute towards achieving the socioeconomic objectives of the nation and for matters connected therewith.

[22 January 1994, P.U. (B) 37/1994]

BE IT ENACTED by the Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

PART I**PRELIMINARY****Short title and commencement**

1. (1) This Act may be cited as the Co-operative Societies Act 1993.

(2) This Act shall come into operation on a date to be appointed by the Minister by notification to be published in the *Gazette*, and the Minister may appoint different dates for the coming into force of this Act in different parts of Malaysia or for the coming into force of different provisions of this Act.

Interpretation

2. In this Act, unless the context otherwise requires—

“appointment” includes any appointment or reappointment;

“associate corporation” means a corporation where not less than twenty per centum and not more than fifty per centum of the shares of that corporation are held by another corporation, the first mentioned corporation thereby being an associate corporation of the other corporation;

“Board” means the governing body of a co-operative society to whom the management of its affairs is entrusted;

“branch” includes the registered office of the co-operative society, an office, an agency, an electronic terminal and includes a place set up and maintained for any period of time to carry on the business of the co-operative society;

“by-laws” means the registered by-laws made by a co-operative society in the exercise of any power conferred by this Act, and includes a registered amendment of the by-laws;

“chief executive officer”, in relation to a co-operative society, means a person by whatever name called who, either individually or jointly with one or more other persons is responsible, subject to the authority of the Board, for the conduct of the business and activities of the co-operative society;

“child” has the same meaning as defined in the Child Act 2001 [Act 611];

“Commission” means the Malaysia Co-operative Societies Commission established under the Malaysia Co-operative Societies Commission Act 2007 [Act 665];

“conviction” includes a finding of guilt and the proving of an offence;

“co-operative society” means an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise which is registered under this Act;

“co-operative principles” includes—

- (a) voluntary and open membership;
- (b) democratic member control;
- (c) member economic participation;
- (d) autonomy and independence;
- (e) education, training and information;
- (f) co-operation among co-operative society; and
- (g) concern for community;

“corporation” has the same meaning as defined in the Companies Act 1965 [Act 125];

“credit facility” has the same meaning as defined in the Malaysia Co-operative Societies Commission Act 2007;

“delegate” means—

- (a) a representative of individual members elected at a regional meeting of members of a primary co-operative society in which the general meeting of members is replaced by a general meeting of delegates; or
- (b) a representative of a co-operative society which is itself a member of another co-operative society, the meetings of which such representative has been elected or appointed to attend;

“deposit” means a sum of money—

- (a) received or paid on terms under which it will be repayable, with or without return or interest or at a premium or discount; or
- (b) received or paid on terms under which it will be repayable, either wholly or in part, with any consideration in money or money’s worth,

and such repayment being either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it, regardless whether the transaction is described as a loan, an advance, an investment, a saving, a sale or a sale and repurchase, but does not include money paid *bona fide*—

- (i) by way of an advance or a part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is not or are not in fact sold, hired or otherwise provided;
- (ii) by way of security for the performance of a contract or by way of security in respect of any loss which may result from the non-performance of a contract; and
- (iii) without prejudice to subparagraph (ii), by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise,

and shall include the money deposited by any person with a co-operative society in a fixed deposit account or a savings account or other deposit account but does not include a share, subscription or specific savings;

“dividend” means a share of the profits of a co-operative society divided amongst its members in proportion to the share or subscription capital held by them;

“document” has the same meaning as defined in the Evidence Act 1950 [Act 56];

“Executive Chairman” means the Executive Chairman of the Commission;

“financial year” means the financial period of business for each co-operative society as provided for in its by-laws;

“honorarium” means a portion of the audited net profit of a co-operative society distributed among some or all of the members of the Board in consideration of their services which would not otherwise be remunerated;

“inaugural general meeting” means the general meeting at which persons desirous of forming a co-operative society resolve to form the co-operative society, to adopt the by-laws proposed for the co-operative society and to apply for the registration of the co-operative society ;

“Islamic financing” has the same meaning as defined in the Malaysia Co-operative Societies Commission Act 2007;

“member” includes a person or a co-operative society joining in the application for the registration of a co-operative society and who has signed the minutes of the inaugural general meeting of the co-operative society and a person or co-operative society admitted to membership of the co-operative society in accordance with the regulations and its by-laws after registration;

“Minister” means the Minister charged with the responsibility for co-operative societies development;

“officer” in relation to a co-operative society, means a chairman, secretary, treasurer or any other member of a Board and includes—

- (a) the chief executive officer;
- (b) any person empowered by the Board, regulations or orders or by-laws to give directions in regard to the business of the co-operative society; or
- (c) any employee;

“patronage rebate” means a share of the profits of a co-operative society divided among its members in proportion to the volume of business done with the co-operative society by them from which such profits were derived;

“prescribed”, where no mode is mentioned, means prescribed from time to time by order published in the *Gazette*, and a power to prescribe includes the power to prescribe differently for different persons, classes, categories or description of persons;

“prescribed co-operative society” means a co-operative society prescribed by the Commission by order in writing according to its class, category, type, activity and description;

“primary co-operative society” means a co-operative society as provided for under subsection 4(1);

“property” means any movable or immovable property and includes—

- (a) any right, interest, title, claim, chose in action, power or privilege, whether present or future, or whether vested or contingent, in relation to any property, or which is otherwise of value;
- (b) any conveyance executed for conveying, assigning, appointing, surrendering, or otherwise transferring or disposing of property whereof the person executing the conveyance is proprietor or possessed or wherein he is

entitled to a contingent right, either for the whole interest or for any less interest;

- (c) any security, including any stock, share, debenture and fund;
- (d) any negotiable instrument, including any bank note, bearer note, treasury bill, dividend warrant, bill of exchange, promissory note, cheque and negotiable certificate of deposit;
- (e) any mortgage or charge, whether legal or equitable, guarantee, lien or pledge, whether actual or constructive, letter of hypothecation or trust receipt, indemnity, undertaking or other means of securing payment or discharge of a debt or liability, whether present or future, or whether vested or contingent; and
- (f) any other tangible or intangible property;

“registrable offence” means an offence which is registrable under the Registration of Criminals and Undesirable Persons Act 1969 [Act 7] as specified in the First and Second Schedules to that Act;

“regulations” means regulations made under this Act;

“related corporation” means a subsidiary or associate corporation of a co-operative society or an associate corporation of a subsidiary or subsidiaries of a co-operative society;

“return” includes any form of rental, profit, dividend or benefit, including any fee or gift, payable or to be given in relation to any dealing, transaction or instrument;

“secondary co-operative society” means a co-operative society as provided for under subsection 4(2);

“securities” has the same meaning as defined in the Securities Commission Act 1993 [Act 498];

“share” means a share in the share capital of a co-operative society contributed by a member in respect of his membership in that co-operative society;

“specific savings” means money deposited by a member with a co-operative society with the express intention of utilizing the money deposited for a specified purpose permitted under the regulations;

“specified”, where no mode is mentioned, means specified from time to time in writing, and a power to specify includes the power to specify differently for different persons, classes, categories or description of persons;

“Statutory Reserve Fund” means a fund maintained by every co-operative society in pursuant to subsection 57(1) out of the audited net profit of each year;

“subscription” means the sum contributed at regular intervals by a member in respect of his membership in a co-operative society and may not be withdrawn except under such conditions as laid down in the by-laws or on a termination of membership;

“subsidiary” of a co-operative society means a company, as defined in the Companies Act 1965 [Act 125], in which such co-operative society controls the composition of the Board of Directors or more than half of the voting power, or holds more than half of the issued share capital, and includes a subsidiary, as defined in that Act, of such a company;

“surplus funds” means, subject to regulations, the funds in excess of the amounts required for immediate use by a co-operative society as working capital for its business, which may be deposited or invested away from the co-operative society without affecting the operation of such business;

“tertiary co-operative society” means a co-operative society as provided for under subsection 4(3).

3. (*Deleted by Act A1297*).

PART II

REGISTRATION

Co-operative societies which may be registered

4. (1) A co-operative society which consists of individual persons only and which has as its object the promotion of the economic interest of its members in accordance with co-operative principles may be registered under this Act as a primary co-operative society.

(2) A co-operative society which consists of primary co-operative societies only and which has as its object the facilitation of the operations of such co-operative societies may be registered under this Act as a secondary co-operative society.

(3) A co-operative society which consists of secondary co-operative societies only or of secondary and primary co-operative societies and which has as its object the facilitation of the operations of such co-operative societies may be registered under this Act as a tertiary co-operative society.

Conditions for registration

5. (1) Subject to section 8, no co-operative society shall be registered as a primary co-operative society unless—

(a) it consists of at least fifty individual persons; and

(b) each of such individual persons is qualified for membership under section 26 and is not disqualified for membership under section 27.

(2) No co-operative society shall be registered as a secondary co-operative society unless it consists of at least two primary co-operative societies.

(3) No co-operative society shall be registered as a tertiary co-operative society unless it consists of at least two secondary co-operative societies.

Application for registration

6. (1) Every application for registration shall be submitted to the Commission in the form prescribed in the regulations and shall be signed—

(a) in the case of a primary co-operative society, by at least ten persons all of whom qualify for membership;

(b) in the case of a secondary co-operative society or a tertiary co-operative society, by a duly authorized person on behalf of each primary co-operative society or secondary co-operative society, as the case may be.

(2) The application for registration shall be accompanied by—

(a) copies of the proposed by-laws, signed by the applicants;

(b) in the case of a primary co-operative society, subject to subsection 8(2), minutes of the inaugural general meeting signed by at least twenty-five persons present; or

(c) in the case of a secondary or tertiary co-operative society, minutes of the inaugural general meeting signed by all duly authorized persons present.

Registration

7. (1) The Commission may, subject to the regulations and upon receipt of such fees as may be prescribed by the regulations, register a co-operative society and its by-laws.

(2) Every co-operative society registered under subsection (1) shall be with limited liability.

(3) Where the Commission refuses to register a co-operative society, an appeal shall lie to the Minister against such refusal within two months from the date of such refusal.

(4) The word “*Koperasi*” shall form part of the name of every co-operative society registered under this Act.

(5) The word “*Berhad*” shall be the last word in the name of every co-operative society registered under this Act.

Special provision for certain co-operative societies

8. (1) Notwithstanding subsection 5(1), if a co-operative society is unable to fulfill the condition specified in paragraph 5(1)(a) but is otherwise entitled to registration under section 7, the Commission may, after taking into account the number of persons in such co-operative society’s proposed area of operation who are qualified for membership and the nature of the co-operative society’s proposed activities, and if such co-operative society consists of at least twenty persons, register such co-operative society as a primary co-operative society under this Act.

(2) Notwithstanding paragraph 6(2)(b), the application for registration of such a co-operative society as is referred to in subsection (1) shall be accompanied by minutes of the inaugural general meeting signed by all persons present.

Co-operative societies to be bodies corporate

9. The registration of a co-operative society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purposes for which it is constituted.

Evidence of registration

10. A certificate of registration issued by the Commission shall be conclusive evidence that the co-operative society therein mentioned is duly registered, unless it is proved that the registration of the co-operative society has been revoked.

Holding out as a co-operative society

10A. (1) No person shall hold himself out as a co-operative society, or represent that he or any other person is carrying on the business of a co-operative society in any form or manner unless he or such other person, as the case may be, is registered under this Act.

(2) Any person who contravenes subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding five million ringgit or to imprisonment for a term not exceeding five years or to both.

Prohibition of the use of the word “*koperasi*”, etc.

10B. (1) No person other than a co-operative society shall trade or carry on any business or dealing under any name or title of which the word “*koperasi*”, “*koperatif*”, “co-operative society”, or “co-op”, or any derivative of these words in any language, or any other words in any language capable of being construed as indicating the carrying on of such business or dealing, in relation to the business or dealing or any part of the business or dealing carried on by the person, or make any

representation to such effect in any bill head, letter paper, notice, advertisement or in any other manner whatsoever.

(2) Any person who contravenes subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding five million ringgit or to imprisonment for a term not exceeding five years or to both and shall in addition, be liable to a daily fine of five thousand ringgit for each day during which the offence continues after conviction.

PART III

DUTIES AND PRIVILEGES OF CO-OPERATIVE SOCIETIES

Address of co-operative society

11. Every co-operative society shall have an address, registered in accordance with this Act, to which all notices and communications shall be sent, and shall inform the Commission of every change of that address.

Registered name to be displayed

12. Every co-operative society shall prominently display at each of its branches—

- (a) the registered name of the co-operative society; or
- (b) with the prior written approval of the Commission, such other name or logo as may be descriptive of the co-operative society.

Documents open to inspection

13. (1) Every co-operative society shall keep—

- (a) a copy of this Act and the regulations or orders, directives or guideline;
- (b) a copy of its by-laws and last audited accounts;
- (c) a list of its members;
- (d) a list of the members of the Board;
- (e) the name of its chief executive officer, if any; and
- (f) a list of officers of the co-operative society concerned with the management of the co-operative society, if any,

open to inspection, free of charge, at all reasonable times at the registered address of the co-operative society to members only.

(2) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction—

- (a) in the case of a co-operative society, be liable to a fine not exceeding two hundred thousand ringgit and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction; or
- (b) in the case of an officer of the co-operative society, be liable to a fine not exceeding two hundred thousand ringgit or to imprisonment for a term not exceeding one year or to both and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction.

Documents to be lodged with the Commission

14. (1) Every co-operative society shall lodge with the Commission—

- (a) a list of members of the Board not later than fifteen days after its annual general meeting;
- (b) minutes of all general meetings not later than thirty days after the date of the meetings;
- (c) such other information as the Commission may require in regard to the constitution, membership, working and financial condition of the co-operative society, including the minutes of the Board meeting.

(2) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction—

- (a) in the case of a co-operative society, be liable to a fine not exceeding two hundred thousand ringgit and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction; or
- (b) in the case of an officer of the co-operative society, be liable to a fine not exceeding two hundred thousand ringgit or to imprisonment for a term not exceeding one year or to both and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction.

Register of members

15. Any register or list of members kept by any co-operative society shall be *prima facie* evidence of the name, address, identity card number, membership number and occupation of a member and of the dates he became and ceased to be a member.

Proof of entries in books of co-operative society

16. (1) A copy of any entry in a book of a co-operative 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 proceedings, whether civil or criminal, 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.

(2) No officer of any co-operative society shall, in any legal proceedings to which the co-operative society is not a party, be compelled to produce any of the co-operative 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.

By-laws to bind members

17. (1) The by-laws of a co-operative society shall, when registered, bind the co-operative society and its members to the same extent as if they were signed by each member and contained covenants on the part of each member for himself and for his successor to observe all the provisions of the by-laws.

(2) The Commission may, at any time, require the by-laws of a co-operative society to contain provisions relating to secrecy or permitted disclosures and such by-laws shall, subject to subsection (1), bind the co-operative society and its members.

Application of by-laws

17A. (1) Any by-laws of a co-operative society which are inconsistent with the provisions of this Act shall be void to the extent of its inconsistency.

(2) Subject to any regulations or orders or directives or guidelines, every co-operative society shall review its by-laws and effect the

necessary amendments within two years from the date of coming into operation of this Act, or such further period as approved by the Commission, to ensure its by-laws are consistent with this Act.

(3) Where the co-operative society, after the review or amendment carried out under subsection (2), is of the opinion that its by-laws are consistent or otherwise, the Board of the co-operative society shall notify such fact to the Commission.

(4) Any co-operative society or officer of the co-operative society who fails to comply with subsection (2) commits an offence and shall, on conviction—

(a) in the case of a co-operative society, be liable to a fine not exceeding two hundred thousand ringgit and shall, in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction; or

(b) in the case of an officer of the co-operative society, be liable to a fine not exceeding two hundred thousand ringgit or to imprisonment for a term not exceeding six months or to both and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction.

Amendment of the by-laws of a co-operative society

18. (1) Any co-operative society may, subject to this Act and the regulations, amend its by-laws, including the by-law which declares the name of the co-operative society.

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

(3) If the Commission is satisfied that any amendment of the by-laws is not contrary to this Act or to the regulations, the Commission may register the amendment.

(4) An appeal against the refusal of the Commission to register any amendment of any by-laws may be made to the Minister and such appeal shall be made within three months from the date of such refusal.

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

(6) When the Commission registers an amendment of the by-laws of a co-operative society, the Commission shall issue to the co-operative society a copy of the amendment certified by the Commission, which shall be conclusive evidence of the fact that the amendment has been duly registered.

(7) In this section, “amendment” includes the making of a new by-law and the variation or rescission of a by-law.

Power of the Commission to direct the convening of a general meeting for amendment of by-laws

18A. (1) The Commission may direct any co-operative society to convene a general meeting, within a period to be specified by the Commission which is not less than three months from the date of the notification given by the Commission, for the purpose of amending its by-laws if the Commission is satisfied that—

- (a) any by-law of a co-operative society is ambiguous or doubtful in interpretation and is likely to mislead or it conflicts with or is inconsistent with this Act or any regulations made thereunder;
- (b) an amendment is necessary or desirable in the interest of the co-operative society; or

- (c) upon the notification made by the Board of a co-operative society under subsection 17A(3), that the by-law of a co-operative society is inconsistent with this Act.

(2) If no general meeting is convened within the time specified in subsection (1), the Commission may amend the by-laws of the co-operative society on its own motion and any amendment made shall be deemed to be a registered amendment under section 18.

Formation of subsidiaries

19. (1) No co-operative society shall form, own, acquire or establish a subsidiary except with the prior written approval of the Commission.

(2) No co-operative society shall grant any Islamic financing or credit facility or give any guarantee or undertaking to such financing or facility or transfer of any money or asset in any form to its subsidiaries except with the prior written approval of the Commission.

(3) The Commission may, by a notice in writing, require any subsidiary of a co-operative society to comply with any requirement as imposed by this Act, regulations or orders or directives or guidelines.

(4) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) or (2) commits an offence and shall, on conviction—

- (a) in the case of a co-operative society, be liable to a fine not exceeding five hundred thousand ringgit and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction; or
- (b) in the case of officer of the co-operative society, to a fine not exceeding five hundred thousand ringgit or to imprisonment for a term not exceeding one year or to both and shall in addition, be liable to a daily fine of one hundred

ringgit for each day during which the offence continues after conviction.

Branch of co-operative society or subsidiary

19A. (1) No co-operative society or subsidiary of a co-operative society shall open any branch in or outside Malaysia without the prior written approval of the Commission.

(2) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit.

20. (*Deleted by Act A1297*).

Creation of charges in favour of co-operative societies

21. (1) Subject to any prior claim of the Federal Government or any State Government 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—

- (a) any debt or outstanding demand payable to a co-operative society by any member or past member shall be a first charge on all crops or other agricultural produce, fish (fresh water and salt water), felled timber or other forest produce, marine produce, 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 connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given to him by the co-operative society;
- (b) any outstanding demands or dues payable to a registered housing co-operative 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 co-operative society shall be a first charge upon his interest in the immovable property of the co-operative society.

(2) Nothing in paragraph (1)(a) shall affect the claim of any *bona fide* purchaser or transferee without notice.

Lien and set-off in respect of share, return or interest of members

22. A co-operative society shall have a lien upon the share, subscription, return or interest in the capital and deposits of a member or past member or deceased member and upon any dividend, patronage rebate, 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 co-operative 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.

Share, subscription, return or interest not liable to attachment or sale

23. Subject to section 22, the share, subscription, return or interest of a member in the capital of a co-operative 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 neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or subscription, return or interest.

Power to deal with the property and, return or interest of deceased members

24. (1) On the death of a member, a co-operative society may transfer the share, return or interest of such member—

(a) in the case of a deceased member who was a Muslim, to the legal representative of such member or to such person as

may appear to the Board to be a person entitled to such share, return or interest pursuant to any distribution made under any law relating to the distribution of estate; or

- (b) in the case of a deceased member who was not a Muslim, to the person nominated in accordance with the regulations in his behalf or, if there is no person so nominated, to such person as may appear to the Board to be the heir or legal representative of such member,

and may pay to such legal representative, nominee, heir or person, as the case may be, a sum representing the value of the deceased member's share, return or interest, as the case may be, as ascertained in accordance with the regulations or its by-laws.

(2) If the deceased member was not a Muslim, and the nominee, heir or legal representative is not qualified for membership in accordance with this Act, the regulations or the by-laws, the co-operative society may, on the application of such nominee, heir or legal representative, as the case may be, within six months of the death of such member, transfer the share, return or interest of such member to any person specified in the application who is so qualified.

(3) Notwithstanding subsection (1), if six months have elapsed since the death of a member who was a Muslim and the co-operative society concerned is unable to ascertain who the legal representative of such member is or no legal representative has been appointed or the estate of such member has not been distributed or the estate of such member has been distributed but the co-operative society is unable to ascertain who the person entitled to such share, return or interest pursuant to such distribution is, the co-operative society may pay to the *Official Administrator a sum representing the value of the share, return or interest of such member, as ascertained in accordance with the regulations or its by-laws.

* NOTE—All references to “Official Administrator” shall be construed as “Corporation”—see section 2 and subsection 43(3) of Public Trust Corporation Act 1995 [Act 532].

(4) A co-operative society may pay all other moneys due to a deceased member from the co-operative society to the legal representative, *Official Administrator, nominee, heir or person, as the case may be, referred to in subsections (1) and (3).

Deposits by or on behalf of child

25. (1) A co-operative society may receive deposits from or for the benefit of children and the co-operative society may pay a bonus out of its net profit on such deposits.

(2) Any deposit made by or for the benefit of the child may, together with the bonus, be paid to the child or to the guardian of that child for the use of that child.

(3) The receipt of any child or guardian for money paid to him by a co-operative society under this section shall be a sufficient discharge of the liability of the co-operative society in respect of that money.

PART IV

RIGHTS AND LIABILITIES OF MEMBERS

Qualification for membership

26. In order to qualify for membership in a primary co-operative society, a person must—

- (a) be a citizen of Malaysia;
- (b) have attained the age of eighteen years or, in the case of a school co-operative society, have attained the age of twelve years; and
- (c) be resident or be employed or be in ownership of land within the area of operations of the primary co-operative

society, or, in the case of a school co-operative society, be a registered student of the school.

Disqualification for membership

27. No person shall be eligible for admission as a member of a co-operative society if—

- (a) he is mentally disabled;
- (b) he is an undischarged bankrupt;
- (c) he is a person against whom a conviction stands for a registrable offence;
- (d) he has been expelled from membership under this Act and a period of one year has not elapsed from the date of such expulsion.

Members not to exercise rights till due payment

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

29. *(Deleted by Act A1297).*

Votes of members

30. (1) No member or delegate of members of any co-operative society shall have more than one vote in the conduct of the affairs of the co-operative society, and in the case of an equality of votes the chairman shall not have a casting vote.

(2) Notwithstanding subsection (1), a member of a secondary or a tertiary co-operative society may have such voting powers as are provided by the by-laws of such secondary or tertiary co-operative society.

(3) Subject to sections 31 and 36, no member shall vote through another member and no delegate shall vote through another delegate.

Voting by proxy

31. A member of a secondary or a tertiary co-operative society may appoint any one of its delegates, who must be a member of its Board, as its proxy for the purpose of voting in the conduct of the affairs of such secondary or tertiary co-operative society.

Contracts with co-operative society of member who is a child

32. Notwithstanding paragraph 26(b), a child duly admitted as a member of any co-operative society may execute any instrument or give any acquittance necessary to be executed or given under this Act or regulations, and his status as a child shall not be a ground for invalidating or avoiding any contract entered into by him with the co-operative society, whether as principal or as surety, and shall be enforceable at law.

Restriction on shareholding

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

Restrictions on transfer or charge of share or subscription or interest

34. The transfer or charge of the share or subscription or interest of a member or past member or deceased member in the capital of a co-operative society shall be subject to such conditions as to maximum holding as may be prescribed by or under this Act.

Liability of member limited by subscription or shares

34A. (1) Subject to subsection (2), the liability of a member, present or past, of a co-operative society shall extend to the nominal value of any share held, or subscribed for, by him.

(2) Where in the by-laws of a co-operative society the amount of the liability of a member is expressed to be greater than the nominal value of any share held or subscribed for by him, then the liability of the member shall extend to such greater amount.

Liability of past member and estate for debts of co-operative society

35. (1) The liability of a past member of a co-operative society for the debts of the co-operative society, within the limitation provided in section 34A, as they existed on the date on which he ceased to be a member shall not continue for a period of more than two years reckoned from that date.

(2) The estate of a deceased member of a co-operative society shall not be liable for the debts of the co-operative society, within the limitation provided in section 34A, as they existed on the date of his decease for a period of more than two years reckoned from the date of his decease.

PART V

ORGANIZATION AND MANAGEMENT OF REGISTERED
CO-OPERATIVE SOCIETIES

General meetings

36. Subject to the provisions of this Act, the regulations or directives or guidelines and the by-laws, the ultimate authority of a co-operative society shall vest in the general meeting of its members, at which every member by himself or by delegate, or, in the case of a secondary co-operative society or tertiary co-operative society, by proxy, has a right to attend and vote.

General meeting of delegates

37. Unless the Commission otherwise specifies, every co-operative society whose area of operation is over a State, over two or more States or throughout Malaysia shall make by-laws providing that representation at its general meeting shall be—

(a) by delegates elected by individual members at their regional or area general meetings; or

(b) by delegates of member co-operative societies,

as the case may be.

Inaugural general meeting

38. (1) The inaugural general meeting of a proposed co-operative society shall be held by its proposed members to—

(a) agree on the submission of the application of the co-operative society to be registered;

(b) adopt the proposed by-laws;

(c) elect the members of the Board; and

(d) carry out such other matter as may be required by its by-laws or the Commission.

(2) The inaugural general meeting provided in subsection (1) shall have all the powers similar as in the annual general meeting under section 39 and the members shall have the same rights at the inaugural general meeting as provided for under the regulations and by-laws.

Annual general meetings

39. (1) Every co-operative society shall hold an annual general meeting of members or delegates not later than six months after the close of each financial year or such longer period as may be approved by the Commission.

(2) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit.

Special general meetings

40. (1) The Board of a co-operative society may, and shall on a requisition signed by at least one-fifth or one hundred of the members or delegates of the co-operative society, whichever is less, convene a special general meeting.

(2) The Commission or any person authorized by the Commission may summon at any time a special general meeting of a co-operative society in such manner and at such time and place as the Commission may direct, and may specify what matters shall be discussed by the meeting; and such meeting shall have all the powers and be subject to the same rules as a general meeting called in accordance with this Act or the by-laws of the co-operative society.

Notice of meetings to the Commission

41. Every co-operative society shall give to the Commission reasonable written notice of all general meetings which it is to hold and shall furnish to the Commission information relating to the date, time, place and the agenda of such meetings; and the Commission or any person authorized by general or special order in writing by the Commission shall have the right to attend any such meeting and to give advice on any matter under discussion, but the Commission or such authorized person shall have no right to vote at such meeting.

Board of co-operative society

42. Subject to the regulations or orders or directives or guidelines, every co-operative society shall have a Board, which shall consist of not less than six and not more than fifteen members duly appointed at the annual general meeting.

Internal Audit Committee

42A. (1) The Board shall establish an Internal Audit Committee consisting of not less than three and not more than five members duly appointed by the Board.

(2) The duties and responsibilities of the Committee shall be provided in the by-laws.

(3) For the purpose of this section, the word “officer” as defined in section 2 does not include members of the Internal Audit Committee.

Eligibility for appointment to the Board

43. (1) No person shall be eligible to be appointed to the Board or remain as a member of the Board of a co-operative society if he has been—

(a) convicted for an offence under this Act; or

(b) dismissed as an officer of a co-operative society.

(2) Notwithstanding subsection (1) and subject to any directives or guidelines as the Commission may specify, a co-operative society shall, prior to the appointment or reappointment of any person as a member of the Board, seek verification from the Commission on whether such person satisfies the fit and proper criteria as may be specified by the Commission.

(3) Upon verification that such person has satisfied the fit and proper criteria under subsection (2), the co-operative society may appoint or re-appoint such person as a member of its Board.

(4) From the third year of registration of a co-operative society, no person shall be appointed to be a member of the Board of such co-operative society unless he has been a member of such co-operative society for a minimum period of two years.

(5) Subsection (4) shall not apply to a co-operative society with fifty or less members and to a school co-operative society.

Duties and powers of the Board

44. (1) The Board of a co-operative society shall represent the co-operative society before all competent public authorities and in all dealings and transactions with third persons, shall have power to institute or defend suits brought in the name of the co-operative society and, in general, shall direct, manage and supervise the business or activities, the funds and the property of the co-operative society, and shall exercise all the necessary powers to ensure the full and proper administration and management of the affairs, business or activities of

the co-operative society including, and notwithstanding the generality to the above, the business or activities of the co-operative society as required under the regulations, except those powers reserved for the general meeting of members or delegates.

(2) Any member of the Board of a co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit.

Disclosure of interest in Islamic financing or credit facility by members of the Board or chief executive officer

44A. (1) Every member of the Board or chief executive officer, if any, of a co-operative society who has in any manner whatsoever, whether directly or indirectly, any interest in a proposed Islamic financing or credit facility to be given to any person by such co-operative society shall as soon as practicable declare in writing the nature of his interest, to a duly constituted meeting of members of the Board, and the secretary of the co-operative society, if any, or other officers appointed by the co-operative society for that purpose, shall cause a copy of such declaration to be circulated immediately to every member of the Board regardless whether he was present or not at such meeting.

(2) For the purpose of subsection (1), a general notice in writing served on each of the member of the Board of a co-operative society referred to in that subsection by a member of the Board of a co-operative society to the effect that he has an interest in an Islamic financing or credit facility which, after the date of the notice may be granted to that person shall be deemed to be sufficient declaration of interest in relation to an Islamic financing or credit facility so granted if—

- (a) it specifies the nature and extent of interest in that person;
- or

- (b) at the time the Islamic financing or credit facility is granted, his interest is not different in nature or greater in extent than is specified in the notice.

(3) Any member of the Board or chief executive officer of a co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit or to imprisonment for a term not exceeding six months or to both.

Disclosure of conflict of interest by members of the Board and chief executive officer

44B. (1) A member of the Board or chief executive officer, if any, of a co-operative society, who holds an office or possesses a property by which, whether directly or indirectly, a duty or an interest may arise in conflict with his duty or interest as a member of the Board or chief executive officer, shall declare the fact, nature and extent of the conflict which may arise at the first meeting of the Board held—

- (a) after he becomes a member of the Board or chief executive officer, of a co-operative society; or
- (b) if he is already a member of the Board or chief executive officer of a co-operative society, after he commences to hold office or to possess the property by which the conflict may arise.

(2) Any member of the Board or chief executive officer of a co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit or imprisonment for a term not exceeding six months or to both.

Liability of members of the Board

45. (1) In the conduct of the affairs of a co-operative society, the members of the Board of such co-operative society shall exercise the

prudence and diligence of ordinary men of business and shall be jointly and severally liable for any loss sustained through failure to exercise such prudence and diligence or through any act which is contrary to the provisions of this Act, the regulations, orders or the by-laws of such co-operative society or the direction of its general meeting.

(2) Notwithstanding subsection (1), no action, suit, prosecution or other proceedings shall be brought or instituted personally against any member of the Board or officer of a co-operative society in respect of any act done or statement made *bona fide* in pursuance or execution or intended execution of this Act, the regulations, orders or the by-laws of such co-operative society.

(3) If the Board of a co-operative society has appointed a person as a chief executive officer to administer and manage the affairs of such co-operative society, such appointment shall not absolve the members of the Board from their liability and responsibility for the proper direction and conduct of the affairs of such co-operative society.

(4) Any member of the Board of a co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit.

Remuneration to the members of the Board

46. (1) A member of the Board of a co-operative society may receive an allowance from that co-operative society, but the amount of allowance shall not exceed a sum which shall be fixed by the general meeting of that co-operative society before or at the commencement of his term of office.

(2) No member of the Board of a co-operative society appointed to represent such co-operative society on the board of directors of any of its subsidiaries shall receive or accept any remuneration from such subsidiary without the prior approval of the general meeting of such co-operative society.

(3) In this section, “allowance” means the remuneration paid to a member of the Board of a co-operative society in consideration of his services rendered to the co-operative society on a regular basis.

Suspension of officer of co-operative society

47. (1) If any proceedings are instituted against an officer of a co-operative society in respect of a registrable offence or an offence under this Act, then—

- (a) the Board of that co-operative society shall suspend such officer from being an officer of that co-operative society; and
- (b) if such officer is also an officer of the Board of any other co-operative society, the Board of that other co-operative society shall suspend such officer from being an officer of that other co-operative society,

from the time he is first charged in court until the final determination of the proceedings against him, including any further proceedings by way of appeal, and he shall accordingly cease to exercise any rights or perform any functions or duties in respect of such office and he shall not receive any remuneration in respect of such office during the period of suspension.

(2) If an officer who has been suspended under subsection (1) is, upon the final determination of the proceedings against him, acquitted, he shall be paid such remuneration as would have been payable to him during the period of suspension but for the provisions of subsection (1).

Consequences of conviction

48. If an officer of a co-operative society is convicted of a registrable offence or an offence under this Act and the conviction is not set aside at the conclusion of all proceedings, including any appeal, such officer shall be deemed to have vacated his office from the date he is first

charged for the offence and he shall be debarred from being appointed as an officer of any co-operative society.

49. (Deleted by Act A1297).

PART VI

PROPERTY AND FUNDS OF CO-OPERATIVE SOCIETIES

Funds of a co-operative society

50. The funds of a co-operative society may be raised by any or all of the following:

- (a) entrance fees, which shall not be refundable except in cases where an application for membership has been rejected;
- (b) shares subscribed and paid by members, of which a minimum number prescribed in the by-laws of such co-operative society shall not be withdrawable except after termination of membership, while shares subscribed in excess of this minimum contribution may be withdrawable or transferable or both, subject to the provisions of this Act and the regulations and to any limitations laid down in the by-laws of such co-operative society;
- (c) in the case of co-operative societies which have as their object the promoting of thrift among their members and the creating of a source of credit for their members, subscription;
- (d) specific savings of members, which shall be withdrawable subject to conditions laid down in the by-laws;
- (e) subject to subsection 52(1) or regulations, deposits or loans from members and with the approval from the

Commission, from persons who are not members of the co-operative society;

(f) surplus carried to the Reserve Account;

(g) donations and grants made by third persons, except that no donations from any foreign source, whether offered directly or otherwise, shall be received by a co-operative society without the prior written approval of the Commission.

Islamic financing or credit facility by co-operative society

51. (1) No co-operative society shall grant any Islamic financing or credit facility except to its members, its employees including the chief executive officer as provided in their schemes of service, its subsidiary as provided under subsection 19(2), or another co-operative society as may be approved by the Commission, and such Islamic financing or credit facility shall be subject to the directives or guidelines issued by the Commission and by-laws of the co-operative society.

(2) Subsection (1) shall not apply to a co-operative society that is permitted to grant any Islamic financing or credit facility given—

(a) in the course of its business as provided in any other written law governing its operations; or

(b) in accordance with its by-laws.

(3) The Commission may, by order, prohibit or restrict the lending of money on a charge or mortgage of immovable property by any co-operative society or class, category or description of co-operative society.

Restriction on borrowing

52. (1) A co-operative society may accept deposits and borrow funds from its members.

(2) Subject to section 52A and regulations, a co-operative society may borrow funds from persons who are not members of that co-operative society.

(3) A co-operative society shall notify its members of its borrowings under subsection (1) at its annual general meeting.

(4) Any co-operative society who fails to comply with this section commits an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit.

Restrictions on deposits from non-members

52A. (1) A co-operative society shall not accept deposits from persons who are not members of that co-operative society except as provided in the regulations.

(2) Any co-operative society who contravenes subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit.

Restriction on other transactions with non-members

53. (1) Subject to sections 51 and 52, the transactions of a co-operative society with persons other than its members shall be subject to such prohibitions and restrictions as may be set out by its by-laws.

(2) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1), commits an offence and shall, on conviction—

(a) in the case of a co-operative society, be liable to a fine not exceeding two hundred thousand ringgit; or

(b) in the case of an officer of a co-operative society, be liable to a fine not exceeding two hundred thousand ringgit or to

imprisonment for a term not exceeding six months or to both.

Investment of funds

54. (1) Subject to its by-laws, a co-operative society may invest its surplus funds in—

(a) any securities issued by the Government of Malaysia, Bank Negara Malaysia or any other securities approved by the Commission; or

(b) shares of any other co-operative society.

(2) Unless otherwise provided in the regulations, no co-operative society shall invest its surplus funds in—

(a) bonds or debentures of any other co-operative society;

(b) the securities of any company or any body corporate registered in Malaysia, other than those specified in subsection (1);

(c) its subsidiaries; or

(d) any other manner as may be specified by the Commission.

(3) Any co-operative society or officer of the co-operative society who fails to comply with subsection (2) commits an offence and shall, on conviction—

(a) in the case of a co-operative society, be liable to a fine not exceeding one million ringgit; or

(b) in the case of an officer of the co-operative society, be liable to a fine not exceeding one million ringgit or to imprisonment for a term not exceeding one year or to both.

Investment in immovable properties

54A. (1) Unless otherwise provided in the regulations and subsection (2), no co-operative society shall acquire, hold or invest in any immovable property.

(2) Subsection (1) shall not apply to a co-operative society where—

- (a) holding of an immovable property is for the satisfaction of a debt of a member to the co-operative society;
- (b) its business involves the acquisition, investment in or sale of immovable property;
- (c) the acquiring, holding or investing of an immovable property is necessary for the purpose of conducting its business; or
- (d) it provides housing or other amenities for its employees which are set out in their schemes of service.

(3) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction—

- (a) in the case of a co-operative society, be liable to a fine not exceeding one million ringgit; or
- (b) in the case of an officer of the co-operative society, be liable to a fine not exceeding one million ringgit or to imprisonment for a term not exceeding one year or to both.

Capital gains

55. (1) A co-operative society shall credit to its Capital Reserve Account all capital gains arising from—

- (a) the sale of land or building, or both, as fixed assets; and
- (b) the revaluation of land or building, or both, as fixed assets, with the approval of the Commission.

(2) The capital gains referred to in paragraph (1)(a) may be utilized by the co-operative society for all or any of the following purposes:

- (a) the issue of bonus shares;
- (b) the writing off of accumulated losses;
- (c) the writing off of capital losses; and
- (d) the creation of a Bonus Share Redemption Fund.

(3) No co-operative society shall utilize the capital gains referred to in subsection (1) for the purpose of issuing bonus shares unless and until all its accumulated and current losses, if any, have been completely written off.

(4) The capital gains referred to in paragraph (1)(b) may be utilized by the co-operative society for the issue to its members of bonus shares which shall not be withdrawn except, with the approval of the Board, be transferred to another member of that co-operative society or, in the case of a member who dies after the issue of the bonus shares, be paid out of the Bonus Share Redemption Fund of that co-operative society.

(5) The bonus shares redeemed by a co-operative society may be reissued as bonus shares to its members in accordance with the provisions of its by-laws.

(6) A register of bonus shares shall be maintained by the co-operative society.

(7) This section shall not apply to a co-operative society that is required by the provisions of any other written law governing its operations to deal with its capital gains in the manner provided in such law.

Net profits

56. The audited net profits of a co-operative society for each financial year shall be determined after allowing for the operational expenses, provision for bad and doubtful debts, depreciation of assets, and diminution of investments.

Distribution of audited net profits

57. (1) Every co-operative society shall—

- (a) maintain a Statutory Reserve Fund; and
- (b) before declaring any dividend from its audited net profits of each year, after due provision is made for taxation, transfer to its Statutory Reserve Fund out of the audited net profits of each year—
 - (i) a sum equal to not less than twenty-five per centum of the audited net profits of that year, so long as the amount of the Statutory Reserve Fund is less than fifty per centum of its shares and subscription; or
 - (ii) a sum equal to not less than fifteen per centum of the audited net profits of that year, so long as the amount of the Statutory Reserve Fund is fifty per centum but less than one hundred per centum of its shares and subscription.

(1A) Notwithstanding subsection (1), the Commission may from time to time specify a different portion of the audited net profits of each year, being either lesser or greater than the portions specified in subsection (1), to be transferred to the Statutory Reserve Fund of a co-operative society for the purpose of ensuring that the amount of the Statutory Reserve Fund of such co-operative society is sufficient for the purpose of its business and adequate in relation to its liabilities.

(1B) Notwithstanding subsection (1), the Statutory Reserve Fund may be applied—

- (a) subject to regulations or by-laws, for the payment of shares or subscription withdrawn by members of co-operative society; or
- (b) with the approval of the Commission and subject to such terms and conditions as the Commission may impose, in issuing bonus shares to members of a the co-operative society.

(1C) Nothing in this section shall authorize a co-operative society to pay dividends out of the Statutory Reserve Fund.

(1D) The Statutory Reserve Fund shall be indivisible and no member shall be entitled to claim a specific share of it.

(1E) The Statutory Reserve Fund shall be maintained in a separate account and shall be invested in the Co-operative Deposit Account as referred to in the Malaysia Co-operative Societies Commission Act 2007.

(2) Subject to subsection (7), every co-operative society shall, out of its audited net profits for each financial year, before declaring any dividend pay such sum as may be determined by the Commission to—

- (a) the Co-operative Education Trust Fund; and
- (b) the Co-operative Development Trust Fund for any secondary or tertiary co-operative society which the Minister has declared to be a body representing the co-operative movement at the national and international level, established under the regulations for the furtherance of co-operative principles.

(3) No secondary or tertiary co-operative society shall be declared under paragraph (2)(b) to be a body representing the co-operative movement at national and international level unless-

- (a) the objects of such co-operative society include the promotion of cooperative principles and the facilitation of the operations of co-operative societies; and
- (b) the by-laws of such co-operative society provide for—
 - (i) the affiliation of all co-operative societies without any restrictions or the payment of any fee except entrance fees; and
 - (ii) the appointment to its Board, by the Minister, of at least one representative from his ministry and of one representative from the Ministry of Finance.
- (4) There may be deducted from the sum mentioned in subsection (1) any sum paid pursuant to subsection (2).
- (5) Subject to subsection (7), a co-operative society may, after the payments specified in subsections (1) and (2), utilize the audited net profits for each financial year for all or any of the following purposes:
 - (a) the payment of rebate on patronage;
 - (b) the payment of dividend, on the shares and subscriptions of members of the co-operative society as may be specified by directives or guidelines:

Provided that, payment of dividend from any source other than the audited net profit for that financial year shall not be made except with the prior written approval of the Commission which shall not in any case exceed such maximum rate as may be specified in the directives or guidelines;
 - (c) the payment of honoraria to members of the Board of the co-operative society, which shall not in any case exceed such sum as may be recommended by the annual general meeting and approved by the Commission; or

(d) the payment for the welfare of its members and the community.

(6) No rebate on patronage, dividend on shares and subscriptions shall be payable to members of a co-operative society and no honoraria shall be payable to members of the Board of a co-operative society except out of the audited net profits of that co-operative society.

(7) No co-operative society shall utilize its net profits for any purpose under subsection (2) or (5) unless and until all its accumulated losses, if any, have been completely written off.

(8) Notwithstanding subsection (7), a co-operative society whose accumulated losses have not been completely written off may, with the approval of the Commission, utilize its audited net profits for the payment of dividends which shall not in any case exceed five per centum of the shares or subscriptions, or both, of members.

PART VII

ACCOUNTS AND AUDIT

Maintenance of accounts

58. (1) Every co-operative society shall cause to be maintained such accounting and other records as will sufficiently explain the transactions and financial position of the co-operative society and its subsidiary or subsidiaries, if any, and enable true and fair trading and profit and loss accounts and balance sheets and any documents required to be attached thereto to be prepared from time to time and shall cause those records to be maintained in such manner as to enable them to be conveniently and properly audited.

(2) Every co-operative society shall cause appropriate entries to be made in the accounting and other records as soon as possible but not later than thirty days of the completion of the transactions to which they relate.

(3) Every co-operative society shall cause to be prepared as soon as possible but not later than two months after the completion of each financial year its trading and profit and loss accounts and balance sheet together with any other document required for the purpose of audit.

(4) The records referred to in subsection (1) shall be kept at the registered office of the co-operative society or at such other place as the Board shall think fit and shall at all times be open to inspection by the Commission and by any person authorized by him generally or specially in writing.

(5) The Commission may in any particular case order that the accounting and other records of a co-operative society, including those of its subsidiary or subsidiaries, if any, be open to inspection by an approved auditor acting for any member or officer of such co-operative society, but only upon an undertaking in writing given to the Commission that any information acquired by the auditor during his inspection shall not be disclosed by him except to that member or officer.

(6) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1), (2), (3) or (4) commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit and shall, in addition, be liable to a daily fine not exceeding five hundred ringgit for each day during which the offence continues after conviction.

Financial statement and report of the Board

59. (1) Every co-operative society shall, at some date not later than eighteen months after the registration thereof and subsequently once at least in every calendar year, lay at its annual general meeting—

- (a) trading and profit and loss accounts, and any statement as may be determined by the Commission, for the period since the preceding accounts, or, in the case of the first account, since the registration of the co-operative society, or its

subsidiary or subsidiaries, if any, made up to a date not more than twelve months before the date of the general meeting;

- (b) a balance sheet as at the date to which the accounts are made up;
- (c) a report signed by or on behalf of the Board with respect to the state of affairs of the co-operative society and its subsidiary or subsidiaries, if any; and
- (d) the auditor's report referred to in section 63.

(2) The accounts and balance sheet of a co-operative society and its subsidiary or subsidiaries, if any, duly audited shall be submitted to its members not less than fifteen days and to the Commission not less than thirty days before the annual general meeting, and the Commission may make such observations as he deems fit on the accounts and balance sheet.

(2A) All the Commission's observations that have financial effect on the co-operative society's audited accounts and balance sheet shall be adjusted accordingly by the co-operative society and clearly shown in the audited accounts of the co-operative society in the next financial year.

(3) Each report to which paragraph (1)(c) relates shall state with appropriate details—

- (a) whether or not the results of the operations of the co-operative society and of its subsidiary or subsidiaries, if any, in the period covered by the profit and loss accounts have, in the opinion of the Board, been materially affected by items of an abnormal character;
- (b) the rate and amount, if any, which has been paid, declared or recommended to be paid by way of dividend;
- (ba) the issuance of bonus shares, if any, and the criteria, therefor;

- (c) whether or not any circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the co-operative society misleading or inappropriate;
 - (d) whether any contingent liabilities which have not been discharged have been undertaken by the co-operative society or by any of its subsidiaries in the period covered by the profit and loss account and, if so, the amount thereof and whether or not any such contingent liability has become enforceable or is likely to become enforceable within the succeeding period of twelve months which will materially affect the co-operative society in its ability to meet its obligations as and when they fall due;
 - (e) apart from the Reserve Account required under this Act, the amount, if any, which is proposed to be carried to any other fund or reserve account shown specifically on the balance sheet or to any other fund or reserve account to be shown specifically on a subsequent balance sheet;
 - (f) where the Board is of the opinion that the total of the current assets would not at least realize the value at which they are shown in the accounts of the co-operative society, its opinion as to the amount that those current assets might reasonably be expected to realize in the ordinary course of business of the co-operative society; and
 - (g) whether all adjustments pursuant to subsection 59(2A) have been carried out accordingly.
- (4) In subsection (3), the expression “items of an abnormal character” includes—
- (a) any change in accounting policies adopted since the last report;
 - (b) any transfers to or from reserves or provisions;

- (c) any writing off of substantial amounts of bad debts;
- (d) any change in the basis of valuation of the whole or any part of the trading stock or of the whole or any part of the work in progress;
- (e) any item of an unusual nature or value which appears in the accounts; and
- (f) any absence from the accounts of any material item usually included therein.

(5) Every trading and profit and loss account and balance sheet laid before a co-operative society in the annual general meeting, including any consolidated profit and loss account and consolidated balance sheet, shall give a true and fair view of the state of affairs of the co-operative society and of its subsidiary or subsidiaries, if any.

(6) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1), commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit and shall, in addition, be liable to a daily fine of five hundred ringgit for each day during which the offence continues after conviction.

Audit

60. (1) Every co-operative society shall cause its accounts to be audited once at least in every financial year by—

- (a) an auditor approved by the Commission; or
- (b) an officer of the Commission.

(2) Notwithstanding subsection (1), the Commission may at any time, of his own motion or on the application of a co-operative society, audit or cause to be audited the accounts of any co-operative society.

Approval of auditor of co-operative societies

61. (1) For the purposes of subsection 60(1), the Commission may by general or special order in writing, and upon the payment of such fees as may be prescribed and subject to such terms and conditions as it deems fit, approve any competent person to audit the accounts of a co-operative society or co-operative societies, as the case may be, under this Act if—

(a) such person applies in writing to the Commission to be so approved; and

(b) the Commission is satisfied that such person is fit and competent to be so approved.

(2) No person shall be approved to audit nor shall he audit the accounts of the same co-operative society for any continuous period exceeding six years, but such person may be approved to audit and may resume auditing the accounts of a co-operative society two years after he has ceased to audit the accounts of that co-operative society.

(3) The approval for the appointment of the auditor under subsection (1) may be revoked if in the opinion of the Commission, the audit conducted by such auditor is not satisfactory.

Circumstances disqualifying a person from being approved or acting as auditor of a co-operative society

62. No person shall be approved to audit the accounts of a co-operative society or, where he is already approved as an auditor, shall audit the accounts of a co-operative society or do anything required to be done by an auditor under this Act if—

(a) he is in any way indebted to the co-operative society or to any of its subsidiaries;

- (aa) he is a member of the co-operative society or a spouse to the officer of the co-operative society;
- (b) he is an officer of the co-operative society or a partner of such officer in any enterprise;
- (c) he is an employee of the co-operative society or a partner of such employee in any enterprise;
- (d) he is an employee of an officer of the co-operative society or an employee of such employee; or
- (e) he has been compounded or convicted of any offence under this Act, or the Companies Act 1965 or of any offence involving fraud or dishonesty under any other written law.

Duties of auditor

63. (1) The auditor of a co-operative society shall inspect and audit the accounts and other relevant records of the co-operative society and shall forthwith draw the attention of the Commission and the co-operative society to any irregularity disclosed by the inspection and audit that is, in the opinion of the auditor, of sufficient importance to justify his so doing.

(2) The auditor of a co-operative society shall audit and report on the financial statements submitted by the co-operative society after the close of the financial year.

(3) The auditor of a co-operative society shall, in respect of the accounts, records and statements referred to in subsections (1) and (2), report—

- (a) whether such financial statements give a true and fair view of the financial transactions and the state of affairs of the co-operative society; and
- (b) such other matters arising from the audit as he considers should be reported,

and shall state in his report whether—

(aa) proper accounting and other records have been kept; and

(bb) the receipt, expenditure and investment of moneys and the acquisition and disposal of assets by the co-operative society during the year have been in accordance with this Act, the regulations and the by-laws of that co-operative society.

(4) The auditor of a co-operative society may at any other time report to the Commission and the co-operative society upon any matters arising out of the performance of the audit.

(5) The audit of the accounts of a co-operative society shall include an examination of and report on overdue debts, if any, and an examination of and report on the valuation of the assets and liabilities of the co-operative society.

(6) Any auditor who fails to comply with this section commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit or to imprisonment for a term not exceeding one year or to both.

PART VIII

INSPECTION, INQUIRY, DISSOLUTION AND DISPUTES

Power of Commission to inspect books, etc., of co-operative societies

64. The Commission, or any public officer authorized by him generally or specially in writing, may inspect, with or without notice, any co-operative society and for the purpose of such inspection shall have access to all the books, accounts, documents and securities of a co-operative society and its related corporation or subsidiaries, if any, and shall be entitled to inspect the cash in hand; and every officer

(including any past officer) of the co-operative society and its related corporation or subsidiaries, if any, shall furnish such information and produce such books, accounts, documents and securities in regard to the transactions and working of the co-operative society and its related corporation or subsidiaries, if any, as the person making such inspection may require:

Provided that, so far as is consistent with the conduct of the inspection, such books, accounts, documents, securities and cash shall not be required to be produced at such times or at such places as may interfere with the proper conduct of the normal daily business of that co-operative society or its related corporation.

Power to seize and detain books and documents

65. (1) If, in the course, of or consequent upon an inspection under section 64, it appears that an offence under this Act, the regulations or orders, has been committed, the Commission or its officer authorized by the Commission in writing to make such inspection may enter any premises belonging to or occupied by the co-operative society or such other place which is believed would assist the inspection or investigation and may seize and detain any books, accounts, documents, securities and cash of the co-operative society which may furnish evidence of an offence under this Act, the regulations or orders, where in the opinion of the Commission or its authorized officer—

- (a) the inspection of such books, accounts, documents, securities and cash, the copying of them, or the making of extracts from them, cannot reasonably be undertaken without seizing or detaining them;
- (b) such books, accounts, documents, securities and cash may be interfered with or destroyed unless seized or detained; or
- (c) such books, accounts, documents, securities and cash may be needed as evidence in any legal proceedings, whether civil or criminal, which may be instituted under or in connection with this Act, the Malaysia Co-operative Societies Commission Act 2007 or any other written law.

(2) No co-operative society or officer of the co-operative society shall—

(a) fail to—

(i) allow access to;

(ii) give possession of; or

(iii) produce,

its books, accounts, documents, securities or cash; or

(b) fail to give information or facilities, as provided by this section.

(3) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) or (2) commits an offence and shall, on conviction—

(a) in the case of a co-operative society, be liable to a fine not exceeding one million ringgit; or

(b) in the case of an officer of the co-operative society, be liable to a fine not exceeding one million ringgit or to imprisonment for a term not exceeding one year or to both.

Inquiry

66. (1) The Commission may, whether or not, consequent upon an inspection under section 64 or audit under section 60, hold an inquiry or direct any person authorized by the Commission by order in writing on his behalf to hold an inquiry into the constitution, working and financial position of the co-operative society and its related corporations, if any.

(2) For the purpose of an inquiry under subsection (1), the Commission or the authorized person referred to in subsection (1) may summon any person, which the Commission or the authorized person has reason to believe, has knowledge of any of the affairs of the co-operative society and may examine such person on oath and may require any person to produce or surrender any books, accounts and documents in his custody belonging to the co-operative society and its related corporation, if any, if the Commission or such authorized person has reason to believe that such books, accounts and documents may furnish evidence of an offence under this Act, regulations or orders.

(3) Every person authorized under subsection (1) shall, upon the completion of an inquiry under subsection (1), report his findings to the Commission.

The Commission may communicate to co-operative society result of inspection or inquiry

67. If an inspection is carried out under section 64 or an inquiry is held under section 66, the Commission may communicate the result of the inspection or the inquiry to the co-operative society and may, by order in writing, direct any officer of the co-operative society to take such actions as may be determined in the order to remedy, within such time as may be specified therein, the defects, if any, disclosed as a result of the inspection or the inquiry.

Inspection on the application of creditors

68. (1) The Commission may, on the application of a creditor of a co-operative society, inspect or direct any public officer authorized by him by order in writing in this behalf to inspect books, accounts, cash or other properties belonging to the co-operative society and its subsidiary or subsidiaries, if any, and the Commission or such public officer shall have all the powers under section 64.

(2) No inspection shall be made or directed under subsection (1) on the application of a creditor of a co-operative society unless the creditor—

(a) satisfies the Commission that the debt is a sum then due and that he has demanded payment thereof and has not received satisfaction within reasonable time; and

(b) deposits with the Commission such sum as the Commission may require as security for the costs of such inspection.

(3) The Commission shall communicate the result of an inspection under subsection (1) to the creditor and the co-operative society.

Action by the Commission in respect of co-operative society in certain circumstances

69. (1) The Commission after exercising its powers under section 64 or 66, as the case may be, and where the Commission is satisfied that a co-operative society—

(a) is carrying on its business in a manner detrimental to the interests of the co-operative society, its members, its depositors, the co-operative society sector or the public generally;

(b) is insolvent, or has become or is likely to become unable to meet all or any of its obligations, or is about to suspend payment to any creditors; or

(c) has contravened any provision of this Act or the Malaysia Co-operative Societies Commission Act 2007, or any condition of its registration under section 7 or any written law, regardless that there has been no criminal prosecution in respect thereof,

the Commission may, by order in writing, exercise any one or more of the following powers, as the Commission deems necessary:

- (i) require the co-operative society to take any steps, or any action, or to do or refrain from doing any act or matters, in relation to the co-operative society, or its business or activities, or its officers;
- (ii) prohibit a co-operative society from extending any further Islamic financing or credit facility for such period as may be set out in the order, and make the prohibition subject to any conditions as the Commission may impose, and by further order similarly made, extend the aforesaid period;
- (iii) remove any officer of the co-operative society if it is in the interest of the co-operative society for the Commission so to do, but no person shall be so removed without giving him an opportunity to be heard and any vacancy created by such removal shall be filled in the manner provided in the by-laws of the co-operative society;
- (iv) notwithstanding section 42—
 - (A) suspend or remove from office any member of the Board of the co-operative society; or
 - (B) appoint any person or persons as a member of the Board of the co-operative society, and provide such person or persons to be paid by the co-operative society any remuneration; or
 - (C) dissolve the Board of the co-operative society;
- (v) appoint a person to advise the co-operative society in relation to the proper conduct of its business or activities, and provide in the order for such person to be paid by the co-operative society any remuneration; or

- (vi) freeze the accounts of the co-operative society held in other co-operative society or banks to prevent losses or misuse of its funds.

(2) Where any of the circumstances set out in paragraph (1)(a), (b), or (c) exists in respect of a co-operative society, the Commission may, whether or not it had exercised any of its powers under subparagraphs (1)(i), (ii), (iii), (iv), (v) or (vi) by order published in the *Gazette*—

(a) for the Commission or any person appointed by the Commission to assume control—

(i) of the whole of the property, business, activities and affairs of the co-operative society, and carry on the whole of its business, activities and affairs; or

(ii) any part of the property, business, activities and affairs of the co-operative society, and carry on such part of its business, activities and affairs; and

(b) for the costs and expenses of the Commission, or the remuneration of the person appointed under subsection (1), to be payable out of the funds and properties of the co-operative society as a first charge; or

(c) to order the dissolution of the co-operative society.

(3) An order of the Commission under subsection (1) or (2) may, from time to time, be modified, amended, varied or replaced either prospectively, or where it is practicable or unjust to do so, retrospectively, by a further order under subsection (1) or (2), as the case may be.

(4) Any person aggrieved by the order of the Commission made under subparagraph (1)(i), (ii), (iii), (iv), (v) or (vi) may, within twenty-one days of the making of such order, appeal to Minister, who shall confirm or set aside such order and the decision of the Minister shall be final and conclusive.

(5) Any co-operative society or officer of the co-operative society who fails to comply with subparagraph (1)(i) or (ii) commits an offence and shall, on conviction, be liable to a fine not exceeding one million ringgit or to imprisonment for a term not exceeding one year or to both.

(6) For the purposes of this section and section 69C “appointed person” means person appointed by the Commission, to act on its behalf, to assume control under paragraph (2)(a).

Provisions in relation to appointment under section 69

69A. (1) A person appointed by the Commission under subsubparagraph 69(1)(iv)(B) or paragraph 69(2)(a) shall manage the affairs of the co-operative society until the new Board has been elected under the by-laws of the co-operative society or, if the order made under subsection 69(1) is set aside by the Minister under subsection 69(4).

(2) A person appointed by the Commission under subsubparagraph 69(1)(iv)(B), subparagraph 69(1)(v) or paragraph 69(2)(a) shall be appointed for a period not exceeding two years, but may be reappointed for three further consecutive periods not exceeding one year each, and shall, during such period of appointment or reappointment, hold his appointment or reappointment at the discretion of the Commission.

(3) The terms and conditions of an appointment referred to in subsection (1) shall be determined by the Commission and shall be binding on the co-operative society concerned.

(4) The appointment of a member of the Board of a co-operative society under subsubparagraph 69(1)(iv)(B) co-operative society to have further members of the Board where the maximum number of members of the Board allowed under section 42 has not already been reached or exceeded by the appointment.

(5) A person appointed under subsection (1) shall not be liable to the co-operative society or incur any obligation to any member thereof

or to any person for any act done by him in good faith, solely by reason of his holding such appointment.

Provisions in relation to removal from office under subparagraph 69(1)(iii) or subsubparagraph 69(1)(c)(iv)(A)

69B. (1) Any person removed from office under subparagraph 69(1)(iii) or subsubparagraph 69(1)(c)(iv)(A) shall cease to hold the office from which he is removed with effect from the date set out in the order, and shall not thereafter hold any other office in that co-operative society or, in any manner, whether directly or indirectly, be concerned with, or take part, or engage in, any business, activities or affairs in relation to that co-operative society.

(2) Any officer of the co-operative society who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding one million ringgit or to imprisonment for a term not exceeding one year or to both and shall, in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction.

Provisions in relation to assumption of control under paragraph 69(2)(a)

69C. (1) Where control of a co-operative society has been assumed pursuant to an order under paragraph 69(2)(a), the co-operative society and its officers shall submit its property, business, activities and affairs to such control, and shall provide the Commission and, if the control is assumed by appointed person under paragraph 69(2)(a), to such appointed person, all such facilities as may be required to carry on the business, activities and affairs of the co-operative society.

(2) Throughout the period of control of a co-operative society pursuant to an order under paragraph 69(2)(a), there shall be vested in the Commission, or in the appointed person, as the case may be, all the powers of the co-operative society and its members and of members of

its Board, under the by-laws of the co-operative society, or exercisable by the co-operative society or its members or members of its Board under any written law, regardless whether such powers are exercisable by resolution, special resolution, or in any other manner, and any difficulty arising in relation thereto may be resolved by the Minister by a direction in writing.

(3) During the period that an order under paragraph 69(2)(a) is in force, no members of the Board of the co-operative society to which the order relates shall, either directly or indirectly, engage in any business, activities and affairs in relation to the co-operative society, unless it is required or authorized by the Commission or the appointed person and no remuneration of whatever nature shall accrue or be payable to any members of the Board of the co-operative society, unless it is approved in writing by the Commission or the appointed person in relation to any business, activities and affairs required or authorized by the Commission or the appointed person.

(4) An order under paragraph 69(2)(a) shall not have the effect of conferring on, or vesting in, the Commission or the appointed person, any title to, or any beneficial interest in, any property of the co-operative society to which the order relates.

(5) Any officer of the co-operative society who fails to comply with subsection (1) or (3) commits an offence and shall, on conviction, be liable to a fine not exceeding one million ringgit or to imprisonment for a term not exceeding one year or to both and shall, in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction.

Completion of exercise of power under subsections 69(1) and (2) by the Commission

69D. (1) The Commission shall complete any exercise of powers under subsection 69(1) or (2) within a period not exceeding two years unless such period is extended by the Minister.

(2) The Minister may extend the period under subsection (1) for three further consecutive periods not exceeding one year each.

(3) Upon the expiry of such period referred to in subsection (1) or (2), and if in the opinion of the Commission, the Commission has not completed the exercise of its powers under subsection 69(1) or (2), the Commission may dissolve the co-operative society.

(4) Where the Commission considers that any exercise of the powers referred to in subsection 69(1) or (2) has been completed, the Commission shall submit any property, business, activities and affairs of the co-operative society to the newly elected Board and cause a notice to that effect specifying the date on which the exercise of such powers was completed to be published in the *Gazette*.

Officer removed by the order of the Commission shall not be reappointed

70. If an officer of a co-operative society has been removed by an order of the Commission under the subparagraph 69(1)(c)(iii) or subsubparagraph 69(1)(c)(iv)(A), such officer shall thereafter not be eligible to be appointed as a member of the Board or any committee of the co-operative society or be re-employed by that or any other co-operative society, as the case may be, for a period of five years from the date of such removal.

Dissolution

71. (1) The Commission may, if the Commission is of the opinion that a co-operative society ought to be dissolved, dissolve the co-operative society by making an order for the revocation of the registration of the co-operative society—

- (a) when the Commission exercises its powers under subsection 69D(3);
- (b) upon receipt of an application made by three-fourths of the members of a co-operative society; or

(c) after an inspection has been made under section 64 or 68 or after an inquiry has been held under section 66.

(2) Any member of a co-operative society may, within a period of two months from the date of an order under subsection (1), appeal from such order to the Minister.

(3) If no appeal is presented to the Minister from an order under subsection (1) within a period of two months from the date of such order, the order shall take effect on the expiry of that period.

(4) If an appeal is presented to the Minister from an order under subsection (1) within a period of two months from the date of such order, the order shall not take effect unless and until it is confirmed by the Minister.

(5) If the Commission makes an order under subsection (1) for the revocation of the registration of a co-operative society, the Commission may make such further order as the Commission may think fit for the custody of the books and documents and for the protection or disposal of the property of the co-operative society until the order revoking the registration of the co-operative society takes effect under subsection (3) or, if an appeal is presented under subsection (4), until the order is confirmed or otherwise.

(6) No co-operative society shall be dissolved except by an order of the Commission.

71A. (Deleted by Act A1297).

71B. (Deleted by Act A1297).

71C. (Deleted by Act A1297).

Revocation of registration of a co-operative society due to lack of membership

72. (1) The Commission may, by order in writing, revoke the registration of any co-operative society, other than a co-operative society which includes among its members one or more co-operative societies, if at any time it is proved to the Commission's satisfaction that the number of members of the first-mentioned co-operative society has been reduced to less than fifteen.

(2) Every order made under subsection (1) shall take effect from the date of such order.

Effect of revocation of registration

73. If the registration of a co-operative society is revoked by an order under section 71 or 72, the co-operative society shall cease to exist as a corporate body from the date on which the order takes effect.

Dissolution after revocation of registration of co-operative society

74. If the registration of a co-operative society is revoked under section 71 or 72, the Commission may appoint a competent person which includes an officer of the Commission to be liquidator of the co-operative society.

Liquidator's powers

75. (1) A liquidator appointed under section 74 shall, subject to the guidance and control of the Commission and to any limitations imposed by the Commission by order under section 76, have power to—

- (a) determine from time to time the contributions to be made by members and past members or by the estates of deceased members of the co-operative society to its assets;
- (b) appoint a day by notice before which creditors whose claims are not already recorded in the books of the co-operative 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 claimants and draw up a scheme for the payment of their dues;
- (d) institute and defend suits and other legal proceedings by and on behalf of the co-operative society by his name or office and to appear in court as a litigant in person on behalf of the co-operative society;
- (e) empower any person to make collections and to grant valid receipts on his behalf;
- (f) decide by what persons and in what proportions the costs of liquidation are to be borne;
- (g) give such directions in regard to the collection and distribution of the assets of the co-operative society and the disposal of the books and documents of the co-operative society as may be necessary in the course of winding up the co-operative society;
- (h) compromise any claim by or against the co-operative society provided the sanction of the Commission has first been obtained;
- (i) call such general meetings of members or delegates as may be necessary for the proper conduct of the liquidation;
- (j) take possession of the books, documents and assets of the co-operative society;

- (k) sell, convey, transfer, assign, exchange, surrender and yield up, lease, mortgage, charge, recover, reassign, or otherwise deal with, all or any part of the properties of the co-operative society, and deal with the proceeds thereof in any manner for the benefit, or in the interest, of the co-operative society or the members, depositors, creditors or customers of, or persons having any lawful dealings or transactions with, the co-operative society;
- (l) enter into any arrangement, agreement, or scheme with any person whereby all or part of the properties of the co-operative society are sold, conveyed, transferred, assigned, exchanged, surrendered and yielded up, leased, mortgaged, charged, reassigned, or otherwise disposed of, to any person in consideration of such person agreeing to meet all, or a specified part of, the liabilities of the co-operative society including the deposit liabilities of the co-operative society;
- (m) enter into any arrangement, agreement, composition, compromise, or scheme, with any depositors, creditors, customers or persons having any lawful dealings or transactions with the co-operative society whereby any right of any such person, or any liability of the co-operative society to any such person, is made subject to the arrangement, agreement, composition, compromise or scheme entered into by the liquidator;
- (n) employ any person as an employee of the co-operative society, or terminate the employment of any employee of the co-operative society, in accordance with the terms of the contract of service, or take such action, including disciplinary action and punishment, as may be deemed necessary, appropriate or expedient in respect of such employment or termination;
- (o) carry on the business of the co-operative society so far as may be necessary for winding it up beneficially; and

(p) arrange for the distribution of the assets of the prescribed co-operative society in a convenient manner when a scheme of distribution has been approved by the Commission.

(2) Notwithstanding paragraph (1)(o), the liquidator of a prescribed co-operative society is not entitled to issue any loan.

(3) A liquidator may refer any dispute to the Commission, and in relation to such dispute section 82 shall apply as if such dispute were a dispute touching the business of a co-operative society.

(4) A liquidator shall deposit the funds and other assets of a dissolved co-operative society which are collected by him or which come into his possession as liquidator in such manner and in such place as may from time to time be determined by the Commission.

(5) A liquidator shall, every three months, or at such lesser intervals as the Commission may direct, submit to the Commission a report stating the progress made in winding up the affairs of the co-operative society, and shall, on completion of the liquidation proceedings, submit a final report and make over to the Commission all books, registers and accounts belonging to the co-operative society and all books and accounts relating to such proceedings kept by him.

(6) Any liquidator appointed under this Act 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 for in the case of a Sessions Court.

(7) If the Commission has, pursuant to subsection (4), determined that the funds of a dissolved co-operative society be remitted to it, such funds shall be held by it in a Trust Account to be known as the Co-operative societies Liquidation Account pending their distribution to the beneficiaries in accordance with a scheme to be approved by it.

(8) The funds held in the Co-operative Liquidation Account may be deposited or invested in accordance with the regulations, and the

net income from such deposit or investment shall be credited to the Co-operative Central Fund which shall be held and administered by the Commission in accordance with the regulations.

Power of the Commission to control liquidation

76. The Commission may, in respect of a co-operative society referred to in section 74—

- (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 co-operative society;
- (d) by order in writing limit the powers of a liquidator under section 75;
- (e) require accounts to be rendered to him by the liquidator;
- (f) procure the auditing of the liquidator's accounts and authorize the distribution of the assets of the co-operative society ; and
- (g) make an order for the remuneration of the liquidator, which remuneration shall be included in the costs of liquidation and shall be payable out of the assets in priority to all other claims.

Enforcement of order

77. An order made by the liquidator or by the Commission under section 75 or 76 shall be enforced by any court.

Limitation of the jurisdiction of the civil court

78. Except as provided expressly in section 77, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a co-operative society under this Act, and no appeal shall lie to any civil court from any order of the liquidator.

Priority of payments by liquidator

79. (1) In the liquidation of a co-operative society whose registration has been revoked, funds of the co-operative society, including the funds in the Reserve Account, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the co-operative society, then to the payment of the share or subscription and then, if the by-laws of the co-operative society permit, to the payment of a dividend at the rate prescribed in the regulations for any period for which no dividend was paid.

(2) The priority of payment of the unsecured debts of a co-operative society in such liquidation as is referred to in subsection (1) shall rank in the following order:

- (a) firstly, the costs of liquidation, including the remuneration of the liquidator as provided under paragraph 76(g);
- (b) secondly, all amounts due to the Government of Malaysia on unsecured loans or advances and all amounts due to the Employees Provident Fund;
- (c) thirdly, all deposit liabilities of such co-operative society;
- (d) fourthly, all wages or salaries (whether or not earned wholly or in part by way of commission) including any amount payable by way of allowance or reimbursement under any contract of employment or award or agreement regulating conditions of employment of any employee of such co-operative society, but not including any termination or retirement benefits payable on cessation of employment for any reason;

- (e) fifthly, all amounts due in respect of worker's compensation under any written law relating to worker's compensation in relation to physical injury to a worker employed by such co-operative society;
- (f) sixthly, all moneys payable to any person, whether in respect of remuneration or compensation, in relation to the death of any employee of such co-operative society;
- (g) seventhly, all payments due to any public authority under any written law by way of tax or otherwise;
- (h) eighthly, all other debt of such co-operative society due to any unsecured creditor.

(3) When the liquidation of a co-operative society has been closed and any person 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 *Gazette*, and all claims against the funds of the co-operative society liquidated shall be proscribed when two years have elapsed from the date of the publication of the notice in the *Gazette*.

(4) Any balance of the funds remaining after the expiry of the period of two years referred to in subsection (3) shall be credited into the Co-operative Central Fund.

Power of the Commission to surcharge officers, etc., of a co-operative society

80. (1) If, in the course of a dissolution of a co-operative society or consequent upon an audit under section 60 or an inspection under section 64 or 68 or an inquiry under section 66 or an investigation under Part VI of the Malaysia Co-operative Societies Commission Act 2007, it appears that any person who has taken part in the organization or management of such co-operative society or any past or present officer of the co-operative society, agent or member of the co-operative society has misapplied or retained or become liable or accountable for

any money or property of such co-operative society or has been guilty of misfeasance or breach of trust in relation to such co-operative society, the Commission may on its own motion or on the application of the liquidator 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 return or interest at such rate as the Commission thinks just or to contribute such sum to the assets of such co-operative society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Commission thinks just.

(2) Notwithstanding any other written law, an order under subsection (1) shall be enforced by the Sessions Court having jurisdiction over the place where the registered office of the co-operative society is situated in like manner as a judgment of that Court.

(3) This section shall apply notwithstanding that the act referred to in subsection (1) is one for which the offender may be criminally responsible.

Appeal against the order of the Commission

81. Any person aggrieved by any order of the Commission made under section 80 may appeal to the Minister within twenty-one days from the date of such order and the decision of the Minister shall be final and conclusive.

Settlement of disputes

82. (1) If a dispute touching the constitution, by-laws, election of officers, conduct of general meetings, management or business of a co-operative society arises—

- (a) among members, past members and persons claiming through members, past members and deceased members;
- (b) between a member, past member, or person claiming through a member, past member or deceased member, and

the co-operative society, its Board, or any officer of the co-operative society;

(c) between the co-operative society or its Board and any officer of the co-operative society; or

(d) between the co-operative society and any other co-operative society, such dispute shall be referred to the Commission for decision.

(2) A claim by a co-operative 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 co-operative society within the meaning of subsection (1).

(3) The Commission may, on receipt of a reference under subsection (1)—

(a) decide the dispute by itself;

(b) refer the dispute to an arbitrator or arbitrators for disposal;

(ba) refer the dispute to the tribunal established under section 83; or

(c) require the parties concerned to refer the dispute to a court.

(4) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Commission within two months from the date of the award and in such manner as may be prescribed in the regulations.

(5) The decision of the Commission shall be final and shall not be called in question in any civil court.

(6) The award of the arbitrator or arbitrators under subsection (3) shall, if no appeal is preferred to the Commission under subsection (4)

or if such appeal is withdrawn or abandoned, be final and shall not be called in question in any civil court.

(7) The decision of the Commission or the award of the arbitrator or arbitrators which, by virtue of subsections (5) and (6), is final shall be enforced by the Sessions Court having jurisdiction over the place where the registered office of the co-operative society is situated in the same manner as if the decision or award had been a judgment of such Sessions Court.

(8) Any party aggrieved by the decision of the court on any dispute referred to it under paragraph (3)(c) may appeal therefrom in accordance with the provisions of the rules of court applicable thereto.

Tribunal

83. (1) The Minister may, on the recommendation of the Commission, establish a tribunal to perform the functions specified in subsection (2).

(2) A tribunal established under subsection (1) may hear and determine any dispute within the meaning of subsections 82(1) and (2) which is referred to it under this section.

(3) The Minister may make such regulations, which are not inconsistent with the provisions of this Act, as may be necessary or expedient for the purpose of enabling the tribunal to carry out its functions, and in particular, without prejudice to the generality of the foregoing power, such regulations may provide for the constitution, officers and proceedings of the tribunal.

(4) Upon the establishment of a tribunal under subsection (1), all disputes within the meaning of subsections 82(1) and (2)—

(a) arising after such establishment; or

(b) which, before such establishment, have been referred to the Commission under subsection 82(1) but in respect of which—

- (i) no step has been taken or no proceedings have been commenced by the Commission for their disposal under paragraph 82(3)(a); or
- (ii) no decision has been made by the Commission to refer them to an arbitrator or arbitrators for disposal under paragraph 82(3)(b) or to require the parties concerned to refer them to a court under paragraph 82(3)(c),

may be referred to such tribunal by the Commission.

- (5) A tribunal established under subsection (1) may—
 - (a) procure and receive all such evidence, whether written or oral, and examine all such persons as witness as the tribunal may think it necessary to procure or examine;
 - (b) require the evidence of any witness to be made on oath or affirmation, (and may for those purposes administer any oath or affirmation) or by statutory declaration;
 - (c) summon any person to attend any meeting of the tribunal to give evidence or produce any document or other thing in his possession and examine him as a witness or require him to produce any document or other thing in his possession;
 - (d) hear and determine the dispute referred to it notwithstanding the absence of any party to the dispute who has been served with a summons or notice to appear;
 - (e) notwithstanding any written law relating to evidence, admit any evidence, whether written or oral, which might be inadmissible in civil or criminal proceedings; and
 - (f) conduct its proceedings or any part thereof in private.
- (6) The award of a tribunal shall be binding upon the parties.

(6A) Where an award has been made by a tribunal, the Secretary of the tribunal shall on the application of the party seeking to enforce the award send within thirty days from the date of the application a certified copy of the award to the Registrar of the Sessions Court having jurisdiction over the place where the registered office of the co-operative society is situated or over the place where the award was made and such Registrar shall cause the award to be recorded and the award shall thereafter for all purposes be enforceable as a judgement of the Sessions Court in accordance with such rules of the court as may be applicable or, in the absence of such rules, in such manner as it may deem just or expedient.

(6B) Notwithstanding the period specified in subparagraph (1)(a) of Order 31 rule 2 of the Subordinate Courts Rules 1980 [*P.U. (A) 328/1980*]*, the period specified in that subparagraph shall, in relation to awards made before the coming into operation of subsection (6A), be deemed to run from the date of commencement of that subsection.

(6c) Notwithstanding any written law or rule of law to the contrary, the Sessions Court shall have power to enforce any award made by the tribunal.

(7) Any party aggrieved by the award of a tribunal may appeal therefrom to the High Court in accordance with the provisions of the rules of court applicable thereto

(8) Notwithstanding the establishment of a tribunal under subsection (1), the Commission before whom a dispute is pending under paragraph 82(3)(a) or any arbitrator or arbitrators to whom a dispute has been referred under paragraph 82(3)(b) shall continue to deal with such dispute under those paragraphs, and subsections 82(4), (6) and (7) shall continue to apply to the decision of the Commission or the award of such arbitrator or arbitrators, as the case may be.

(9) Subsections 82(3), (4), (5), (6), (7) and (8) shall not apply to any dispute referred to a tribunal under this section.

* Notes— The Subordinate Courts Rules 1980 [*P.U. (A) 328/1980*] has been repealed.

(10) Any reference in this Act to a decision of the Commission or an award of an arbitrator or arbitrators shall, in respect of disputes determined by a tribunal under this section, be construed as a reference to an award of such tribunal.

Case stated on question of law

84. (1) Notwithstanding anything contained in section 82, the Commission, at any time when proceeding to a decision under this Act, or the Minister at any time when an appeal has been preferred to him against any decision of the Commission under this Act, may refer any question of law arising out of such decision for the opinion of the High Court.

(2) Any Judge of the High Court, as the Chief Justice may direct, may consider and determine any question of law referred to such High Court under subsection (1), and the opinion given on such question shall be final and conclusive.

Co-operative society business based on Syariah

84A. (1) Any co-operative society carrying on business or activity based on Syariah may, from time to time, seek the advice of the Syariah Advisory Council on the operation of its business or activity in order to ensure that it is in accordance with Syariah.

(2) Any co-operative society carrying on business under subsection (1) shall comply with any written directions issued from time to time by the Commission, in consultation with the Syariah Advisory Council.

(3) For the purpose of this section, “Syariah Advisory Council” means the Syariah Advisory Council established under subsection 16B(1) of the Central Bank of Malaysia Act 1958 [Act 519].

PART IX

MISCELLANEOUS

Voluntary amalgamation, transfer and division

85. A co-operative society may—

- (a) amalgamate with another co-operative society or other cooperative societies to form one single co-operative society;
- (b) transfer its assets and liabilities to another co-operative society; or
- (c) divide itself into two or more co-operative societies,

in accordance with the regulations.

Submission of information and statistics

85A. (1) A co-operative society, an officer of the co-operative society, a member of the co-operative society or any person required by the Commission shall submit to the Commission such returns, statistics, documents or information within such time and in such manner or form as the Commission may require by notice in writing.

(2) The Commission may require the document or information submitted under subsection (1) to be duly certified by the auditor.

(3) Any returns, statistics, documents or information submitted to the Commission under subsection (1) shall be true, accurate and complete.

(4) Where the information obtained by the Commission under subsection (1) relates to the accounts or affairs of the members of the co-operative society, that information shall be regarded as confidential between the Commission and the members of the co-operative society.

(5) A co-operative society shall disclose information to any credit bureau as may be specified by the Commission.

(6) For the purpose of subsection (5), any information received from a co-operative society by the credit bureau shall be regarded as confidential between the co-operative society and the credit bureau.

(7) Any co-operative society, officer of the co-operative society, a member of the co-operative society or any person who fails to comply with subsection (1), (2), (3), (4), (5) or (6) commits an offence and shall, on conviction, be liable to a fine not exceeding two hundred thousand ringgit and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction.

Power to make regulations

86. (1) The Commission may, with the approval of the Minister, make such regulations under this section as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Act.

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

- (a) prescribe the forms to be used and the conditions to be complied with in applying for the registration of a co-operative society and the procedure in the matter for such application;
- (b) prescribe the matters in respect of which a co-operative society shall or may make by-laws and for the procedure to be followed in making, amending and rescinding its by-laws including the by-laws which are inconsistent with the provision of this Act, and the conditions to be satisfied prior to such making, amendment or rescission;

- (c) prescribe all matters relating to the election, appointment, terms of office and disqualifications of members of the Board of a co-operative society and its auditors;
- (d) prescribe the manner in which a particular business, activities or affairs may be carried out by a co-operative society;
- (e) prescribe the purposes for which specific savings of a co-operative society may be utilized;
- (f) prescribe all matters relating to the amalgamation and division of any co-operative society and the transfer of assets and liabilities of such co-operative society including—
 - (i) the vesting of assets and liabilities of—
 - (A) the amalgamating co-operative society in the amalgamated co-operative society;
 - (B) a co-operative society in the new co-operative society created pursuant to a division; or
 - (C) a co-operative society in another co-operative society pursuant to a transfer; and
 - (ii) the registration of the amalgamated co-operative society, the new co-operative society, and the revocation of the registration of, in the case of an amalgamation, the amalgamating co-operative society, in the case of a division, the existing co-operative society, and in the case of a transfer, the transferor co-operative society;
- (g) prescribe the purposes for which the funds in the Reserve Account, other than those arising from capital gains, may be utilized;
- (h) prescribe the manner in which the Co-operative Central Fund and the Co-operative Liquidation Account shall be held, administered and used;

- (i) subject to the express provisions of this Act, determine in what cases an appeal shall lie from the orders of the Commission and prescribe the procedure to be followed in presenting and disposing of such appeals;
- (j) prescribe the mode of appointing an arbitrator and the procedure to be followed in proceedings before the Commission or such arbitrator;
- (k) prescribe the procedure to be followed by the liquidator appointed under section 74 and the cases in which appeals shall lie from the orders of such liquidator;
- (l) prescribe the forms to be used, the fees to be paid, the procedure to be complied with and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Act or the regulations;
- (m) provide for the establishment of a National Co-operative Consultative Council;
- (n) prescribe the manner in which the Co-operative Education Trust Fund, Co-operative Development Trust Fund and any other funds shall be held, administered and used;
- (o) provide for the investment of the funds of a co-operative society in the bonds and debentures of any co-operative society, securities of any company or any body corporate registered in Malaysia or in its subsidiary;
- (p) provide for investments by a co-operative society in immovable properties;
- (q) provide for the acceptance of deposit by a co-operative society from persons who are not members of the co-operative society;

- (r) prescribe the procedure regarding payment for shares or subscription withdrawn by members from the Statutory Reserve Fund;
- (s) provide for the establishment of subsidiaries of co-operative society and all matters relating to it;
- (t) prescribe the procedure regarding the withdrawal of share, return or interest of deceased member by legal representative, nominee, heir or person, as the case may be;
- (u) prescribe the contracts made between a co-operative society and member who is a child;
- (v) prescribe offences which may be compounded and the procedure for compounding such offences;
- (w) prescribe the matters relating to inaugural general meeting and annual general meeting;
- (x) prescribe the procedure regarding the withdrawal and transfer of share, return or interest of a member upon termination of membership; and
- (y) provide for any other matter which the Commission deems expedient or necessary for the purposes of this Act.

(3) Without prejudice to the provisions of subsections (1) and (2), the Commission may, with the concurrence of the Minister and the Minister of Finance, make such regulations as may be necessary for the purpose of controlling or regulating the business, activities or affairs, and to provide for the better management, of co-operative society carrying on the deposit taking business or the business of insurance.

(4) Any regulations made under this section may relate to all, or any class, category or description of co-operative society, and different provisions may be made for different co-operative society, classes, categories or description of co-operative society.

(5) Any regulations made under this section shall be published in the *Gazette*.

Power to make order

86A. The Commission may, with the approval of the Minister, make such order under this section as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Act.

Power to issue directives, guidelines, etc.

86B. (1) The Commission may issue directives, guidelines, circulars or notices in respect of any provision of this Act including the matters set out in the Schedule as are necessary or expedient to give full effect to or for the carrying out the provisions of this Act.

(2) The Commission, with the approval of the Minister may, from time to time, by order published in the *Gazette*, vary, delete, add to, substitute for, or otherwise amend the Schedule under subsection (1) and upon publication of such order, the Schedule, as varied, deleted, added to, substituted for or otherwise amended, shall come into full force and effect and shall be deemed to be an integral part of this Act as from the date of such publication, or from such later date as may be specified in the order.

(3) Any directives, guidelines, circulars or notices issued under subsection (1) may relate to all, or any class, category or description of co-operative society and different provisions may be made for different co-operative society, classes, categories or description of co-operative society.

Exemption

87. (1) The Minister may, on being satisfied that it is desirable to do so in the interest of the development of co-operative society generally or of a particular co-operative society or a particular class, category or description of co-operative society, by general or special order, subject to such conditions as he may impose, exempt any co-operative society or class, category or description of co-operative society, from any of the provisions of this Act, or direct that such provisions shall apply to any co-operative society or class, category or description of co-operative society, with effect from such date or with such modifications as may be specified in the order.

(2) Any exemption made under subsection (1) shall be published in the *Gazette*.

Recovery of sums due to Government

88. (1) All sums due from a co-operative society or from an officer or member or past member of a co-operative society as such to the Federal Government or any State Government may be recovered as a debt due to such Government.

(2) Sums due from a co-operative society to the Federal Government or any State Government and recoverable under subsection (1) may be recovered—

- (a) firstly, from the property of the co-operative society;
- (b) secondly, in the case of co-operative societies in which the liability of members is limited, from the members subject to the limit of their liability; and
- (c) thirdly, in the case of other co-operative societies, from the members.

89. (*Deleted by Act A1297*).

Non-application of certain laws

90. The provisions of the laws for the time being in force relating to trade unions, associations, co-operative societies and companies shall not apply to co-operative societies registered under this Act.

General offences

91. (1) It shall be an offence under this Act if—

- (a) a co-operative society, an officer of a co-operative society or a member of a co-operative society performs any act which requires the consent or the approval of the Commission or the general meeting without first having obtained such consent or approval;
- (b) a co-operative society, an officer of a co-operative society or a member of a co-operative society neglects or refuses to do an act or thing which is required by or under this Act, regulations or orders, to be done; and
- (c) a co-operative society or any person does or causes to be done an act or thing prohibited by, or fails to comply with, the requirements of this Act, regulations or orders.

(2) Any co-operative society, officer of a co-operative society, member of a co-operative society or any person, guilty of an offence under this section shall be liable, on conviction, to a fine not exceeding one hundred thousand ringgit and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction.

Proceedings how and when taken

92. The Commission or its officer authorized by it in writing may, with the consent of the Public Prosecutor in writing, prosecute in any court any case in respect of any offence committed under this Act.

Power to compound offences

93. (1) The Executive Chairman of the Commission may, with the consent in writing of the Public Prosecutor, compound any offence committed by any person which is punishable under this Act or any regulations or orders made under this Act by making a written offer to such person to compound the offence by paying to the Commission within such time as may be specified in the offer such sum of money which shall not exceed fifty per centum of the amount of the maximum fine including the daily fine, if any, in the case of a continuing offence, to which that person would have been liable if he had been convicted of the offence.

(2) Any money paid to the Commission pursuant to the provisions of subsection (1) shall be paid into and form part of the operating fund of the Commission.

(3) An offer under subsection (1) may be made at any time after the offence has been committed, but before any prosecution for it has been instituted, and where the amount specified in the offer is not paid within the time specified in the offer, or any extension of it which the Commission may grant, prosecution for the offence may be instituted at any time thereafter against the person to whom the offer was made.

(4) Where an offence has been compounded under subsection (1), no prosecution shall thereafter be instituted in respect of such offence against the person to whom the offer to compound was made.

Court may order compliance

93A. Where a co-operative society or any person has been convicted of an offence under this Act, the court may, in addition to any fine or term

of imprisonment that may be imposed, order such co-operative society or person to rectify the contravention of this Act in respect of which the co-operative society or person was convicted.

PART X

REPEAL, SAVING AND TRANSITIONAL

Definition

94. In this Part, “repealed laws” means the laws repealed under section 95.

Repeal and saving

95. (1) The following Act and Ordinances are repealed:

- (a) the Co-operative Societies Act 1948 [*Act 287*];
- (b) the Co-operative Societies Ordinance 1958 (Sabah) [*Sabah Ord. No 3 of 1958*]; and
- (c) the Co-operative Societies Ordinance (Sarawak) [*Sarawak Cap. 66*].

(2) The body corporate established under section 3A of the Co-operative Societies Act 1948 under the name “Commission of Co-operative Societies, Malaysia” shall continue to exist as a body corporate under this Act and shall be deemed to be the body corporate established under section 3*.

(3) Subject to subsection (4), any register kept or maintained or any fund held and administered pursuant to the repealed laws shall be deemed to be part of a corresponding register or fund under this Act.

* Notes— Section 3 has been deleted by Act A1297

(4) Notwithstanding subsection (3)—

- (a) the Audit and Supervision Fund constituted under the Co-operative societies Rules of Sabah and the Co-operative Societies Rules of Sarawak shall continue to be held and administered by the Registrar responsible for co-operative societies in the State of Sabah or Sarawak, as the case may be, and shall be used for the purposes provided for under the repealed Co-operative Societies Ordinance 1958 (Sabah) [*Sabah G.N. S. 3 of 1958*] or Co-operative Societies Ordinance (Sarawak) [*G.N. S. 1 of 1949*], except that no new contribution to such Fund shall be levied; and
- (b) the funds deposited in a bank or with a co-operative society by the Registrar under the provisions of subsection 46(3) of the repealed Co-operative Ordinance 1958 (Sabah) or Co-operative Societies Ordinance (Sarawak), as the case may be, shall, within six months from the date of coming into force of this Act, be transferred to the Co-operative Societies Liquidation Account held by the Commission under subsection 75(7).

(5) The Minister may make regulations to provide for the manner in which the Fund referred to in paragraph (4)(a) shall be held and administered and, upon such Fund becoming exhausted, for its dissolution and for other matters connected therewith.

Status of registration and by-laws of co-operative societies registered under the repealed laws

96. (1) A co-operative society which was immediately before the commencement of this Act registered or deemed to be registered under the provisions of the repealed laws shall be deemed to have been registered under this Act.

(2) Subject to subsection (3), co-operative societies registered or deemed to be registered under any of the repealed laws shall, not later than two years after the commencement of this Act, amend their

bylaws so as to bring them in conformity with the provisions of this Act.

(3) Subsection (2) shall not apply to any by-law of a co-operative society made under any of the repealed laws under which individual persons as well as registered co-operative societies, or under which different types of registered co-operative societies, may become members of such co-operative society or which provides that such co-operative co-operative society shall be a co-operative co-operative society with unlimited liability, if such by-law was not inconsistent with the repealed law under which it was made.

SCHEDULE

[Section 86B]

LIST OF MATTERS THAT CAN BE ISSUED BY WAY OF A
DIRECTIVE, GUIDELINE, CIRCULAR OR NOTICE

1. Imposition of duties, liabilities, responsibilities, restrictions, limitations, prohibitions or sanctions, or the conferment of rights, privileges, benefits or indemnities on officers, delegates, members of co-operative society or auditors.
2. Corporate governance of co-operative society.
3. Purposes for which the funds in the Reserve Account, other than those arising from capital gains, may be utilized.
4. Maximum rate payment of dividend on shares or subscription, honorarium or return on deposits.
5. Provision for the inspection of documents and registers at the Commission's offices and the fees to be paid thereof and for the issuance of copies of such documents or registers.
6. Maintenance of funds representing shares subscribed and paid by members, its subscription capital and other funds attributable to its members.
7. Form and contents of financial statements, accounting standards and procedure to be complied with by co-operative society in preparing and tabling financial statements.
8. Maintenance of liquid assets by co-operative society.
9. Islamic financing or credit facility by co-operative society.
10. Acceptance of deposits or borrowing of funds from members by co-operative society.

LAWS OF MALAYSIA**ACT 502****CO-OPERATIVE SOCIETIES ACT 1993****LIST OF AMENDMENTS**

Amending law	Short title	In force from
Act A928	Co-operative Societies Act(Amendment) 1995	10-11-1995
Act A963	Co-operative Societies Act(Amendment) 1996	13-09-1996
Act A1128	Co-operative Societies Act(Amendment) 2001	28-09-2001
Act A1297	Co-operative Societies Act(Amendment) 2007	01-01-2008

LAWS OF MALAYSIA

ACT 502

CO-OPERATIVE SOCIETIES ACT 1993

LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
Long Title	Act A1297	01-01-2008
Throughout the Act	Act A1297	01-01-2008
2	Act A1297	01-01-2008
3	Act A928 Act A963 Act A1297	10-11-1995 13-09-1996 01-01-2008
5	Act A1297	01-01-2008
6	Act A1297	01-01-2008
10	Act A1297	01-01-2008
10A	Act A1297	01-01-2008
10B	Act A1297	01-01-2008
12	Act A1297	01-01-2008
13	Act A1297	01-01-2008
14	Act A1297	01-01-2008
17	Act A1297	01-01-2008
17A	Act A1297	01-01-2008
18	Act A1297	01-01-2008
18A	Act A928	10-11-1995

Section	Amending authority	In force from
	Act A1297	01-01-2008
19	Act A1297	01-01-2008
19A	Act A1297	01-01-2008
20	Act A1297	01-01-2008
22	Act A1297	01-01-2008
23	Act A1297	01-01-2008
24	Act A1297	01-01-2008
25	Act A1297	01-01-2008
29	Act A1297	01-01-2008
31	Act A1297	01-01-2008
32	Act A1297	01-01-2008
34A	Act A1297	01-01-2008
35	Act A1297	01-01-2008
36	Act A1297	01-01-2008
37	Act A1297	01-01-2008
38	Act A1297	01-01-2008
39	Act A1297	01-01-2008
40	Act A1297	01-01-2008
42	Act A1297	01-01-2008
42A	Act A1297	01-01-2008
43	Act A1297	01-01-2008
44	Act A1297	01-01-2008

Section	Amending authority	In force from
44A	Act A1297	01-01-2008
44B	Act A1297	01-01-2008
45	Act A1297	01-01-2008
46	Act A1297	01-01-2008
49	Act A1297	01-01-2008
50	Act A1297	01-01-2008
51	Act A1297	01-01-2008
52	Act A1297	01-01-2008
52A	Act A1297	01-01-2008
53	Act A1297	01-01-2008
54	Act A963 Act A1297	13-09-1996 01-01-2008
54A	Act A1297	01-01-2008
55	Act A1297	01-01-2008
57	Act A963 Act A1297	13-09-1996 01-01-2008
58	Act A1297	01-01-2008
59	Act A928 Act A1297	10-11-1995 01-01-2008
60	Act A1297	01-01-2008
61	Act A1297	01-01-2008
62	Act A1297	01-01-2008
63	Act A1297	01-01-2008
64	Act A1297	01-01-2008
65	Act A1297	01-01-2008

Section	Amending authority	In force from
66	Act A1297	01-01-2008
69	Act A1297	01-01-2008
69A	Act A1297	01-01-2008
69B	Act A1297	01-01-2008
69C	Act A1297	01-01-2008
69D	Act A1297	01-01-2008
70	Act A1297	01-01-2008
71	Act A1297	01-01-2008
71A-71C	Act A928 Act A1297	10-11-1995 01-01-2008
72	Act A1297	01-01-2008
73	Act A928 Act A1297	10-11-1995 01-01-2008
74	Act A928 Act A1297	10-11-1995 01-01-2008
75	Act A1297	01-01-2008
77	Act A1297	01-01-2008
79	Act A1297	01-01-2008
80	Act A1297	01-01-2008
81	Act A928	10-11-1995
82	Act A1297	01-01-2008
83	Act A1128 Act A1297	28-09-2001 01-01-2008

Section	Amending authority	In force from
84A	Act A1297	01-01-2008
85A	Act A1297	01-01-2008
86	Act A928 Act A963 Act A1297	10-11-1995 13-09-1996 01-01-2008
86A	Act A1297	01-01-2008
86B	Act A1297	01-01-2008
87	Act A1297	01-01-2008
89	Act A1297	01-01-2008
91	Act A928 Act A1297	10-11-1995 01-01-2008
92	Act A1297	01-01-2008
93	Act A1297	01-01-2008
93A	Act A1297	01-01-2008
Schedule	Act A1297	01-01-2008
