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**THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES
BILL 2018**

A Bill for

AN ACT of the County Assembly of Kiambu to facilitate the implementation of Section 7 (e) of Part II of the Fourth Schedule to the Constitution; to establish a framework for registration and regulation of co-operative societies; to promote the realization of Article 36 of the Constitution and for purposes incidental thereto

ENACTED by the County Assembly of Kiambu as follows—

PART I— PRELIMINARIES

1. This Act may be cited as the Kiambu County Co-operative Societies Act, 2018. Short title

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

“by-laws” means the by-laws made by a co-operatives society and approved under this Act and includes amendments to such by-laws;

“agriculture produce” means any produce of farm, animal husbandry, forestry, fisheries, handicrafts or article produced or obtained by the work or industry of members of a co-operatives society or marketed by a co-operatives society”;

“bonus” in relation to a member of a co-operatives society means the member’s share of the surplus of the co-operatives society which is divided amongst its members, calculated by reference to the proportion of the member’s volume of business with the co-operatives society to the total volume of business done by the co-operatives society;

“branch of a co-operatives society” means any office of the co-operatives society other than its registered office or headquarters;

“capital” means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations;

“Chief Officer” means the Chief Officer for the time being responsible for co-operatives societies in the County.

“committee members” means a person elected or appointed by the resolution of the members as a members of a committee of a co-operatives society;

“co-operative Society” means a co-operatives society or a savings and credit co-operatives or any organization undertaking or intending to undertake the functions or objects of a co-operatives society;

“co-operatives union” means a co-operatives society made up of two or more co-operatives societies;

“County” means the County Government of Kiambu;

“Director” means the Director for Co-operatives appointed under this Act and includes any person to whom the powers of the Director have been conferred in accordance with this Act;

“Executive Member” means the Executive Committee Member for the time being responsible for co-operatives societies in the County;

“limited liability co-operatives society” means a co-operatives society limited by shares;

“registry” means the Kiambu County Co-operatives registry established under section 98 of the Act;

“share” means the amount represented by a member’s portion in the equity of a co-operatives society as a co-owner;

“unlimited liability co-operatives society” means a co-operatives society where members’ liability is limited to the extent set out by the By-laws.

3. The purpose of this Act is to establish regulation of co-operatives societies within the County in order to – Purpose of the Act.

- (a) promote growth and development of co-operatives societies;

- (b) enhance good governance in the co-operatives societies;
- (c) manage conflicts and disputes; and
- (d) promote local economic growth and development.

4. (1) This Act shall regulate the operations of a co-operatives society or a branch of a co-operatives society within the County. Application

(2) A person who operates or intends to operate a co-operatives society or a branch of a co-operatives society within the County shall comply with the provisions of this Act.

PART II — ADMINISTRATION

5. The Executive Member shall be responsible for the growth and development of co-operatives societies in the County, and in particular shall— Responsibilities of the Executive Member

- (a) oversee the implementation of policies and strategies on co-operatives societies;
- (b) promote the growth and development of the co-operatives societies in the County;
- (c) promote good governance in co-operatives societies;
- (d) liaise with the national government on matters relating to co-operatives societies;
- (e) advise the County on matters relating to the co-operatives societies;
- (f) submit to the County Assembly an annual status of co-operatives societies;
- (g) submit an annual report to the County Executive Member;
- (h) publish regulations for better execution of the functions under this Act; and
- (i) undertake any other function for the effective realization of the objectives of this Act.

6. (1) There is established the Directorate of Co-operatives whose functions shall include— Directorate of Co-operatives

- (a) registration of co-operatives societies;
- (b) overseeing the implementation of the Act;
- (c) educating and training of members, shareholders and office holders on operating and managing co-operatives societies;
- (d) conducting programmes to promote and sensitize the public on co-operatives;
- (e) collecting and maintaining data and registers of co-operatives societies;
- (f) conducting audits of co-operatives societies;
- (g) conducting research and disseminating findings on co-operatives;
- (h) supervising winding up, division or amalgamation of co-operatives societies;
- (i) advising the Executive Member on any matter relating to co-operatives societies; and
- (j) undertaking any other function assigned under this Act or by Executive Member for better realization of the objects of this Act.

7. (1) The Directorate shall be headed by a Director appointed by the County Public Service.

Appointment of a
Director of Co-
operatives

(2) The Director shall be responsible for the day to day operations and implementation of the Directorates functions.

(3) A person shall qualify for appointment as a Director under this Act if that person-

- (a) a Kenya Citizen;
- (b) holds an academic degree from a university recognized in Kenya;
- (c) possess at least five years post-graduate experience in co-operatives; and
- (d) has met the Constitutional requirements.

8. (1) The Director shall have a seal with the inscription "Director for Co-operatives, The County Government of Kiambu, County Government of Kiambu".

Director's seal

- (2) The Director's seal shall only be used or affixed—
 - (a) by the Director or by a person authorized by the Director in writing; and
 - (b) on a documents specified in sub-section (3).
- (3) The Director's seal shall be affixed on the following documents—
 - (a) certificate of registration of a co-operatives society or a branch of a co-operatives society;
 - (b) certificate of change of name of a co-operatives society;
 - (c) co-operatives society's By-laws or its amendment;
 - (d) a charge or chattels or discharge of charge registered under this Act; and
 - (e) Co-operative society's rules and regulations

Provided that the documents set out herein shall not be deemed authentic unless the Directors seal is affixed in accordance with this Section.

(4) Any person who affixes the Director's seal contrary to the provisions of this section commits an offence and is liable, on conviction, to a fine not exceeding five hundred thousand shillings or to imprisonment for a term not exceeding twelve months or both.

9. (1) The Executive Member shall designate from the staff of the County Government a co-operatives officer responsible for each sub-county or decentralized unit as shall be necessary for better implementation of this Act.

Appointment of sub-county co-operatives officer

(2) Notwithstanding the provisions of sub-section (1), a person shall only be designated under sub-section (1) if the persons possess the minimum of a Diploma in Co-operatives from an institution recognized in Kenya.

(3) A co-operatives officer designated under sub-section (1) shall be responsible for—

- (a) conducting education and training;
- (b) implementing sensitization programmes on co-operatives;

- (c) receiving and appraising applications for registration of co-operatives and recommending to the Director for issuance of certificate of registration;
- (d) evaluating the operations of a co-operatives society, including the co-operatives's risk management mechanism and advising on areas of improvement;
- (e) inspecting the compliance with the provisions of this Act; and
- (f) undertaking any other activity assigned by the Director for better implementation of this Act.

10. (1) The County Public Service Board shall appoint such number of co-operatives auditors as shall be necessary for better implementation of this Act.

Appointment of the co-operatives auditor

(2) A person shall not be appointed under this section unless that person—

- (a) is a Kenyan citizen;
- (b) possess the relevant academic qualification from an institution recognized in Kenya;
- (c) is registered as an auditor by the Institute of Certified Public Accountants of Kenya and holds a current practicing certificate; and
- (d) meets the Constitutional requirements.

(3) The Executive Committee Member may designate an officer of the County Government to head of the Audit Section as shall be necessary for better implementation of this Act.

11. (1) The County Public Service Board shall recruit such other officers as may be necessary for the better carrying out of the objects of this Act.

Appointment of other staff

(2) The Director may, with the approval of the Chief Officer, delegate any of his or her function to an officer of the County Government appointed in accordance with this section.

**PART III— REGISTRATION OF CO-
OPERATIVESOCIETIES**

12. (1) A person shall not operate a co-operatives society or a branch of a co-operatives society within the County unless that co-operatives society or the branch of the co-operatives society is registered under this Part.

Requirement to register

(2) A person who contravenes the provisions of this section commits an offence and on conviction, is liable to a fine of a sum not exceeding five hundred thousand shillings or to imprisonment for a term not exceeding twelve months or to both.

13. (1) A group of at least fifteen persons associated for a lawful purpose whose objects is to promote the welfare or economic interests of its members may apply to the sub-county co-operatives officer for registration as a co-operatives society in the prescribed format and pay the fee prescribed under this Act.

Application for registration

(2) An Application made under this section shall be accompanied by—

- (a) a copy of the proposed By- laws prepared in accordance with this Act;
- (b) proof of reservation of name or registration of the name under any other written law; and
- (c) a profile of the founding members.

(3) An application under this Act shall specify whether the co-operatives society shall either be—

- (a) a limited liability co-operatives society; or
- (b) an unlimited liability co-operatives society.

14. (1) The sub-county co-operatives officer shall assess the application and confirm that—

Issuance and effects of a certificate of registration

- (a) the founding members are not under any criminal investigations or have not been convicted of any criminal offence;
- (b) the By-laws are drawn in accordance with this Act;
- (c) the founding members are capable of promoting the principles and values of co-operatives society;

and

(d) the application complies with the provisions of this Act.

(2) The sub-county co-operatives officer may either—

(a) recommend to the Director for the issuance a certificate of registration; or

(b) reject the application and within fourteen days of making the decision and in writing, give the applicant reasons for rejecting the application.

(3) On the recommendation of the sub-county co-operatives officer, the Director may either—

(a) issue a certificate of registration with or without conditions; or

(b) refuse to issue the certificate of registration where the Director is of the view that—

(i) the proper application procedure or appraisal was not undertaken; or

(ii) the registration of the co-operatives society will be against the public interest.

(4) The particulars of co-operatives society shall be entered in the Kiambu County Register of co-operatives societies.

15. (1) Notwithstanding the provisions of section 14, the Executive Member may by regulations, grant powers to the Director to register a co-operatives society for a provisional period not exceeding one year subject to appraisal by the sub-county co-operatives officer.

Provisional
registration

(2) A co-operatives society registered for a provisional period shall be issued with a provisional registration certification in prescribed form and shall not be a body corporate.

(3) Upon expiry of the validity of the provisional registration, a co-operatives society shall cease carrying out any business of a co-operatives society unless it is registered in accordance with the provisions of section 14.

16. A co-operatives society registered under section 14 of this Act shall be a body corporate with perpetual succession and a common seal and shall in its corporate name be capable of—

Effects of registration of a co-operatives society

- (a) taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (b) borrowing money or making investments;
- (c) entering into contracts;
- (d) establishing branch office and other linkages; and
- (e) doing all other acts which may lawfully be done by a body corporate for the proper performance of its functions.

17. A co-operatives society shall have a registered address to which notices and communication may be sent and in the event of change of the registered office, it shall, within thirty calendar days from the date of such change, notify the Director in writing.

Registered address of a co-operatives society

18. (1) Any person may apply for registration of a co-operatives union provided that at least two of its members shall be limited liability co-operatives societies registered under this Act.

Registration of a Co-operatives union

(2) The particulars, process and effects prescribed for registration of a co-operatives society under this Act shall apply in considering an application under this Section with the necessary modifications.

19. (1) Any two or more co-operatives societies may, by a special resolution of its members during a general meeting, resolve to amalgamate as a single society,

Amalgamation of co-operatives societies

(2) At least one month prior to the date specified as the date of the amalgamation—

- (a) a member of any of the amalgamating co-operatives societies who does not wish to continue being a member of the amalgamated co-operatives society shall by notice in writing given to such co-operatives society, intimate the intention not to continue being a member of the amalgamated co-operatives society;

- (b) any creditor of any of the amalgamating co-operatives societies may, notwithstanding any agreement to the contrary, by notice in writing given to such co-operatives society, intimate the intention to demand the payment of the debt owing; or
- (c) any person whose interest will be affected by the amalgamation may, by notice in writing given to the concerned amalgamating co-operatives society, object to the amalgamation unless the claim or interest is first settled.

(3) Not less than three months after the date of the meeting during which the special resolution to amalgamate was passed, a special general meeting of each of the amalgamating co-operatives societies shall be held to review the resolution made and shall—

- (a) either, by a second special resolution, rescind the resolution to amalgamate and the process of amalgamation shall cease immediately or confirm the resolution to amalgamate; and
- (b) consider any notices received under this section and make any of the following further resolutions-
 - (i) the repayment of the share capital of any member who has given notice under this section;
 - (ii) the satisfaction of any debt owing to any creditor, priority being given to those creditors who have given a notice under this section; and
 - (iii) the satisfaction of any claim or interest of such person who has given a notice under this section.

(5) The amalgamating societies shall designate a person who shall, in the format prescribed in the First Schedule, make an application on their behalf to the Director for registration of an amalgamated co-operatives society, and that application shall be accompanied by –

- (a) the co-operatives societies' resolution for

amalgamation;

- (b) the special resolution confirming the resolution to amalgamate; and
- (c) the fee prescribed in the third schedule.

(6) The Director may, if satisfied that amalgamating the co-operatives societies will be in accordance with this Act and for the betterment of the members, register the amalgamated co-operatives society and its by-laws and thereupon—

- (a) each of the amalgamating societies shall stand dissolved and its registration cancelled;
- (b) the registration of the amalgamated society shall be a sufficient conveyance to vest the assets and liabilities of the amalgamating societies in the amalgamated co-operatives society;
- (c) the remaining members of the amalgamating co-operatives societies shall become the members of the amalgamated co-operatives society and will be subjected to its by-laws'; and
- (d) any member of the amalgamating co-operatives societies or any person who has a claim against the amalgamating societies and whose claim was not satisfied in accordance with the resolutions made, may pursue such claim against the amalgamated society.

(7) The Director may, by written notice to the applicants, decline to register an amalgamation if satisfied that the registration of such an amalgamation is or likely to—

- (a) infringe the provisions of any written laws;
- (b) adversely affect the interest of the members generally;
- (c) contravene the principles of co-operatives as prescribed under this Act; or
- (d) breach public security or interests.

20. (1) A co-operatives society may, by a special resolution of its members during a general meeting,

Division of a co-operatives society

resolve to divide itself to two or more co-operatives societies.

(2) A copy of the resolution to divide itself shall be published in either the county or Kenya gazette.

(3) Within two months from the date of the gazette notice under this section—

- (a) a member of the co-operatives society who does not wish to be a member of any of the proposed new co-operatives societies shall, by notice in writing given to such co-operatives society, intimate the intention of not becoming a shareholder of any of the new co-operatives societies;
- (b) any creditor of any of the existing co-operatives society may, notwithstanding any agreement to the contrary, by notice in writing given to such co-operatives society, intimate the intention to demand the payment of the debt owing; or
- (c) any person whose interest will be affected by the division may, by notice in writing given to the co-operatives society, object to the division, unless the claim or interest is first settled.

(4) Not less than three months after the date of the meeting during which the special resolution to divide the co-operatives society was passed, a special general meeting of the co-operatives society shall be held to review the resolution made and shall—

- (a) either, by a special resolution, rescind the resolution to divide the co-operatives society and any process initiated in respect of the division shall cease immediately or confirm the resolution to divide; and
- (b) consider any notices received under this section and make any of the following further resolutions—
 - (i) the repayment of the share capital of any member who has given notice under this section;
 - (ii) the satisfaction of any debt owing to any

creditor, priority being given to those creditors who have given a notice under this section; and

- (iii) the satisfaction of any claim or interest of such person who has given a notice under this section.

(5) The co-operatives society shall, in the format prescribed in the First Schedule, apply to the Director for registration of new divisions of the co-operatives society, and that application shall be accompanied by—

- (a) the co-operatives society's resolution for division;
- (b) the special resolution confirming the resolution to divide the co-operatives society; and
- (c) the fee prescribed in the third schedule.

(6) The Director shall consider the application and if satisfied that the division of the co-operatives society is in accordance with the provisions of this Act and the principles of the co-operatives societies, may register the new co-operatives and its by-laws and thereupon—

- (a) the registration of the existing co-operatives society shall stand dissolved;
- (b) the registration of the new co-operatives societies shall be a sufficient conveyance to vest the assets and liabilities of the existing co-operatives society to the new co-operatives societies in the manner specified in the resolutions made and confirmed to divide the existing co-operatives society;
- (c) the remaining members of the existing co-operatives society shall become members of any one or the new co-operatives societies as per the resolutions made and confirmed to divide the existing co-operatives society and will be subjected to its by-laws'; and
- (d) any member of the existing co-operatives society or any persons who have a claim against the existing co-operatives society and whose claim was not satisfied in accordance with the

resolutions, may pursue such claims against any one of the new co-operatives society as per the resolutions made and confirmed to divide the existing co-operatives society.

(7) The Director may, by written notice to the applicants, decline to register new co-operatives societies if satisfied that the registration of such division is or likely to—

- (a) infringe the provisions of any written laws;
- (b) adversely affect the interest of the members generally;
- (c) contravene the principles of co-operatives as prescribed under this Act; or
- (d) breach public security or interests.

21. (1) Any co-operatives society existing before the commencement of this Act which has its headquarters or its branch office within the County, that intends to continue operating within the County shall, within six months from the commencement of this Act apply to the sub-county co-operatives officer for registration in accordance with the provisions of this Part.

Registration of
existing co-
operatives societies

(2) An application under subsection (1) shall be in the prescribed form and, in addition to any other requirements, be accompanied by—

- (a) a copy of the certificate of registration;
- (b) a profile of its committee members;
- (c) a copy of the register of all its members;
- (d) audited books of account for the last two years preceding the application;
- (e) an inventory of its assets;
- (f) an assets valuation report of all its assets;
- (g) a description of its type of business;
- (h) a copy of the minutes of its last Annual General Meeting;
- (i) a copy of its by-laws;
- (j) any other documents as may be required by the Executive Committee Member.

(3) The sub-county co-operatives officer shall verify the particulars of the application and may either—

- (a) reject the application and in writing, give reasons for rejection; or
- (b) recommend to the Director for issuance of a certificate of registration in accordance with the provisions of section 14.

(4) A co-operatives society or a branch of a co-operatives society which fails to comply with this section shall be deemed to be in contravention of the provisions of section 12.

22. (1) A co-operatives society registered under this Act or under any other written law intending to establish a branch office within the county shall apply to the sub-county co-operatives officer in the prescribed form.

Establishing a branch
of a co-operatives
society

(2) An application under subsection (1) shall be accompanied by—

- (a) a copy of the certificate of registration of the co-operatives society;
- (b) a copy of its By-laws;
- (c) a copy of the register of its members;
- (d) profile of the office bearers;
- (e) the prescribed fee;
- (f) audited accounts of the last three years;
- (g) a brief report of its nature and status of its business; and
- (h) any other document as may be prescribed by the Director.

(3) The Provisions of subsection (2) shall not apply to a co-operatives society registered under this Act except the provisions of paragraph 2(e).

(4) Upon the recommendation by the sub-county co-operatives officer, the Director may either—

- (a) issue a certificate of registration of a branch in the form prescribed in the First Schedule if satisfied that the applicants meet the

requirement of registration of a co-operatives society under this Act; or

(b) reject the application giving written reasons.

(5) The Director shall not register a branch of a co-operatives society whose objects are in conflict with the principles and values of co-operatives societies set out under this Act.

(6) A branch of a co-operatives society shall comply with the provisions of this Act.

23. (1) A co-operatives society or a branch of a co-operatives society shall in addition to any other requirements under this Act or any other written law obtain a trade license or permit applicable to its nature of business.

Annual trade license

24. (1) A co-operatives society or branch of a co-operatives society shall display the certificate of registration in a conspicuous position at its registered office and at any other place where it carries on its business.

Display of
Certificate of
Registration

(2) A co-operatives society which contravenes subsection (1) shall be guilty of an offence liable to a fine not exceeding ten thousand shillings.

25. A certificate of registration issued under this Act shall be conclusive evidence of registration of a co-operatives society unless proved to the contrary.

Evidence of
registration

26. (1) The Director may on application in the prescribed form and upon payment of the prescribed fees reserve a name pending registration or effecting of a change of name of a co-operatives society.

Reservation of name

(2) A reservation under sub section (1) shall remain in force for a period of thirty days during which period no other co-operatives society may be registered with the reserved name.

(3) A person may apply to the Director in writing for extension of the time to reserve a name for a further period of thirty days only and pay the prescribed fee.

(4) Where the period for reservation of a name lapses before the applicant commences the registration process,

the applicant shall be required to apply afresh to reserve a name.

27. (1) No co-operatives society shall be registered in the name—

Protection of the
name of a registered
Co-operatives society

- (a) of a registered co-operatives society or corporate body in Kenya;
- (b) which is identical or similar to or bears close semblance to a name of a registered co-operatives society or a corporate body, or is likely to mislead members of the public as to its identity;
- (c) consists of abbreviations or initials; or
- (d) in the opinion of the Director is undesirable in the public interest.

(2) The provisions of this section shall not apply to an application for registration of a branch of a co-operatives society under this Act.

28. (1) A co-operatives society may apply to the Director for change of name in the prescribed form accompanied by—

Change of name

- (a) a resolution of its members proposing a change of name;
- (b) the proposed new name reserved under this Act; and
- (c) the payment of the prescribed fees.

(2) The Director may if satisfied that the proposed new name is not contrary to this Act or any other written law issue a certificate of change of name in prescribed form and cause the new name to be entered in the register of co-operatives societies.

(3) A change of name of a co-operatives society shall not affect any right or obligation of that co-operatives society or any of its members and any legal proceedings may be continued by or against the co-operatives society under its new name.

29. (1) The Director may in writing order the cancellation of the registration of a co-operatives society or a branch of a co-operatives society if it has—

Cancellation of
Registration

- (a) less than fifteen members;
- (b) failed to file the returns and other reports prescribed under this Act for a period of three years;
- (c) failed to comply with the directives issued in accordance with the provisions of this Act; or
- (d) failed to achieve its objectives.

(2) Where an order is issued under section (1), the co-operatives society or the branch of a co-operatives shall cease to exist as a corporate body or carry out the functions of a co-operatives society from the date the order takes effect and shall commence the winding up process in accordance with this Act.

(3) Notwithstanding the provisions of this section, before an order of cancellation of registration is issued, a 30 day notice shall be given to a co-operatives society by the Director to show cause why their registration should be not be cancelled.

PART IV— CO-OPERATIVE SOCIETY’S BY-LAWS

30. (1) Every co-operatives society shall develop its by-laws and submit them to the sub-county co-operatives officer.

Development and
content of the By-
laws

(2) The by-laws shall, subject to the provisions of this Act, guide all the operations of a co-operatives society.

(3) A co-operatives society may, by resolution of members in a general meeting, develop regulations, rules or guidelines for better implementation of the by-laws.

(4) In addition to any other requirements, the by-laws of a co-operatives society shall provide for—

- (a) the name of the co-operatives society;
- (b) the registered office and address of the co-operatives society including the Land Reference Number of the proposed physical address;
- (c) the nature of business of the co-operatives society;

- (d) criteria for admission to membership;
- (e) procedure for review of the by-laws;
- (f) the common seal;
- (g) the rights and obligation of a member;
- (h) transfer of membership;
- (i) nomination of nominees;
- (j) cessation of membership;
- (k) the co-operatives society's fund including subscription and members' contribution;
- (l) investments and trade, including trading with non—members where applicable;
- (m) procedure for acquisition and maintenance of movable and immovable assets;
- (n) procedure for disposal of movable or immovable assets and management of proceeds of sale of such assets;
- (o) the co-operatives society's borrowing powers;
- (p) management of meetings of the co-operatives;
- (q) co-operatives committees and their functions;
- (r) procedure for transfer and registration of shares;
- (s) mode of appointment and functions of committee members;
- (t) quorum for meetings;
- (u) financial year;
- (v) books of accounts;
- (w) the co-operatives values; and
- (x) the co-operatives principles.

31. (1) The following shall be defined as the co-operatives principles—

Co-operatives
principles and values

- (a) democratic member control;
- (b) economic participation
- (c) autonomy and independence;

- (d) education, training and information
- (e) cooperation among co-operatives;
- (f) concern for the community; and
- (g) open and voluntary membership.

(2) The following shall be defined as the minimum co-operatives society values—

- (a) self-help;
- (b) honesty and openness;
- (c) equity and equality;
- (d) social responsibility and
- (e) collective responsibility.

32. A copy of the co-operatives by-laws or an amendment to the by-laws or any rules, or guidelines made by a co-operatives society shall be deposited and maintained in the registry.

Custody of a copy of the By-laws, rules or guidelines

33. (1) A co-operatives society may by a resolution of two thirds of its members in a general meeting amend its by-laws.

Amendment of By-Laws

(2) An amendment to the by-laws shall not be implemented by the co-operatives society until the same is approved by the Director.

(3) An application for approval under this section shall be in the prescribed form and subject to payment of the prescribed fee.

(4) The Director shall only approve an amendment to the by-laws if satisfied that the proposed amendments are not contrary to the provisions of this Act or any other written law.

34. (1) A co-operatives society may by resolution of at least two thirds of the members in a general meeting enact or amend rules for better carrying out of any of the objects of its by-laws subject to approval by the Director.

Development of Rules

(2) In considering an application under this section, the provisions of section 33 shall apply with the necessary modifications.

35. The by-laws of a co-operatives society and any rules or guidelines made there under shall bind the co-operatives society and the members to the same extent as if they were signed by each member and contained covenants on the part of each member and their personal representatives to observe all the provisions of the by-laws.

Binding power of the by-laws

36. (1) The by-laws of a co-operatives society may provide for imposition of fines not exceeding one hundred thousand shillings on its members for infringement of the by-laws, rules or guidelines.

Fines for violation of by-laws

(2) Notwithstanding sub section (1), a fine shall not be imposed upon any member unless the member has first been served with a written notice of the intention to impose a fine and the reasons thereof and the member has been accorded the opportunity to show cause why the fine should not be imposed.

(3) A fine imposed under this section shall be a debt due to the co-operatives society and shall without prejudice to any other means of recovery be recovered summarily.

(4) Notwithstanding any other remedy, the whole or any part of the fine may be set off against any moneys due to such member in respect of produce, bonus, dividends, interest on deposits or trade product delivered by the co-operatives society

PART V—RIGHTS AND OBLIGATIONS OF MEMBERS

37. (1) A person who has attained the age of eighteen years may be admitted into the membership of a co-operatives society.

Qualification for membership

(2) A company or unincorporated body of persons may become members of a co-operatives society by resolution of a general meeting of that co-operatives society.

(3) A co-operatives society may admit non-citizens to its membership provided that the total number of non-citizens shall not exceed a third of its membership and the total shareholding of the non-citizens shall not exceed a third of the total share capital of the co-operatives society.

(4) Notwithstanding the generality of this section, a person shall not be admitted to the membership of a co-operatives society unless that person meets the requirements prescribed in the co-operatives society By-laws and that person has been admitted as a member of the co-operatives society by a resolution of two thirds of the co-operatives members in a general meeting.

38. (1) A co-operatives society shall maintain a register of its members which shall contain, in addition to any other requirements under the by-laws, the particulars of its members' including— Right of members

- (a) name of the member as contained in national identity card or passport;
- (b) national identity card number, pass port or certificate of incorporation as shall be applicable;
- (c) postal and physical location; and
- (d) date of admission as member.

(2) A co-operatives society shall deposit a copy of its members' register at the registry.

(3) A co-operatives society or a branch of a co-operatives society existing prior to the enactment of this Act shall within six months comply with this section.

39. (1) A member of a co-operatives society shall have the right to— General rights of members

- (a) have their name entered in the register of members;
- (b) hold shares in the co-operatives society;
- (c) call for meetings;
- (d) nominate a nominee;
- (e) gain income from the co-operatives society's business operations;
- (f) withdrawal their membership;
- (g) attend and participate at all general meetings of the co-operatives society;
- (h) vote;

- (i) trade with or through the co-operatives society;
- (j) be elected to organs and committees of the co-operatives society;
- (k) enjoy the use of all the facilities and services of the co-operatives society;
- (l) access all information relating to the co-operatives society including internal regulations, registers, minutes of meetings, audited accounts, inventories, investigation reports and any other information that may lawfully be availed to the member; and
- (m) Petition the Director to institute an inquiry into the affairs of the co-operatives society.

40. (1) A member of the co-operatives society shall have one vote irrespective of the number of shares the member holds. Voting right

(2) Notwithstanding subsection (1) co-operatives unions shall prescribe the number of votes that its member may exercise.

(3) A member of a co-operatives society shall not have the right to vote or participate in the operations of the co-operatives society unless the member has paid up for dues with respect to the membership or has acquired interests in the co-operatives society in accordance with its by-laws.

41. (1) A member of a co-operatives society shall — General obligations of members

- (a) observe and comply with all co-operatives society's by-laws;
- (b) implement the decisions of the co-operatives society's;
- (c) buy and pay up for shares or make any other payments as may be provided in the by-laws;
- (d) meet the debts of the co-operatives society in accordance with the by-laws; and
- (e) comply with any other obligation that may be passed by a resolution of a general meeting.

42. (1) A member of a co-operatives society may hold shares, transfer shares or in any other manner invest with the co-operatives society.

Rights to hold shares and invest with the co-operatives society

(2) A member shall not hold more than one fifth of the issued and paid up share capital of a co-operatives society.

(3) Notwithstanding subsection (2) members of a co-operatives union may hold the number of shares set out in their by-laws.

43. (1) A member may transfer their shares or interests in the co-operatives society to another member of the co-operatives society or any other person subject to compliance with the provisions of the by-laws.

Transfer of shares

(2) A member of an unlimited co-operatives society shall not transfer or charge any of their shares or interest in the capital of the co-operatives society or any part thereof unless—

- (a) the member has held the share or interest for at least one year; and
- (b) the transfer or charge is in favour of the co-operatives society or a member of the co-operatives society.

(3) A transfer of a share shall within sixty days from the date of submission, be recorded in the register of the co-operatives.

44. A member may, subject to compliance with the provisions of the by-laws, charge their share or interest in the capital of a co-operatives society up to the total value of the member's shareholding.

Charge of a share by a member

45. (1) A member of a co-operatives society shall appoint a nominee to whom the co-operatives society shall transfer the shares or any of the member's benefits due under the Act or the By-laws in the event of death or incapacity of the member.

Right to appoint a nominee

(2) A co-operatives society shall within sixty days of notice of incapacity or death of a member pay the shares or benefits payable or due to the member to the member's nominee.

(3) If a co-operatives fails to implement the provisions of subsection (2), the Director may order —

- (a) an inquiry into the affairs of the co-operatives society; or
- (b) the management committee to comply with this section within a period not exceeding sixty days.

46. (1) The share or interest of a member in the capital of a co-operatives society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability except such debt or liabilities incurred under this Act and in the event of dissolution of the co-operatives society the share or interest of a member or a past member adjudged bankrupt shall vest in the trustee in accordance with the relevant laws.

Restriction to attach
a member's share

(2) Notwithstanding the generality of the foregoing a co-operatives society shall have a first charge upon the share or interest in the capital and on the deposits of a member or a past member and upon any dividend, bonus or accumulated funds payable to a member or a past member in respect of any debt due from such members or past member to the co-operatives society and may set off any sum credited or payable to such member or past member in or towards the payment of any such debt.

47. (1) A past member of the co-operatives society shall be discharged from any future liabilities of the co-operatives society but shall be liable for any debt of the co-operatives society existing at the time of termination of membership..

Liability of a past
member

(2) Notwithstanding subsection (1) where the first audit of the accounts of the co-operatives society after the termination of membership discloses that the society is solvent the financial liability of such past member shall cease forthwith.

48. (1) The estate of a deceased member shall be liable for the debts of the co-operatives society existing at the time of the member's death.

Liability of deceased
member

(2) Notwithstanding subsection (1) where the first audit of the accounts of the co-operatives society from the date of death of the member discloses that the society is

solvent the financial liability of such deceased member shall cease forthwith.

49. (1) A member of a co-operatives society which has as one of its objects the processing, marketing or selling of any agricultural produce may enter into a contract with the co-operatives society binding the members to process, market or sell all their agricultural produce or such amounts or descriptions as may be stated therein to or through the co-operatives society.

Right to trade with
members in
agricultural products

(2) The contract referred to under subsection (1) may—

- (a) bind members to produce specified quantities of agricultural produce; and
- (b) provide for payment of a specific sum per unit of weight or other measure as liquidated damages for breach of contract.

(3) The sum referred under subsection (2) (b) shall be—

- (a) a debt due to the co-operatives society; and
- (b) a charge upon the immovable property of the member subject to registration of the charge under the law in which the property is registered..

(4) A contract under subsection (1) shall have the effect of creating in favour of the co-operatives society a charge upon the proceeds of sale of all produce mentioned therein, whether existing at the time or in future.

(5) A co-operatives society may by a resolution of the members in a general meeting pledge the produce deliverable by members under a contract in subsection (1) as security for loans made to the co-operatives society in all respect as if it were the owner of the produce.

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

(7) A charge under subsection (1) shall subsist for such period as the loan or the value of the services rendered by a co-operatives society shall remain unpaid.

**PART VI —MANAGEMENT OF CO-
OPERATIVE SOCIETIES**

50. (1) A co-operative society shall in its operations promote the principles of good governance, accountability and democracy in addition to other principles and values of co-operatives societies.

Promoting good
governance in co-
operatives societies

(2) A co-operative society shall—

- (a) elect its officers and committee members in accordance with the Act its by-laws;
- (b) uphold the right of its members' to vote and participate in meetings and operations of the co-operatives society;
- (c) utilize its funds in accordance with this Act and its by-laws.;
- (d) cooperate with any person appointed to undertake an inquiry or such other function as the Director may direct; and
- (e) update the Director on its operations as required under this Act and Regulations.

51. (1) The overall control of the operations of a co-operatives society shall vest and be exercised by members in a general meeting..

General meeting

(2) The general meetings of a co-operatives society may either be—

- (a) an annual general meeting;
- (b) ordinary general meeting; or
- (c) a special general meeting.

52. (1) A general meeting of a co-operatives society shall be convened by written notice of not less than fifteen days to the members and the Director accompanied by the agenda of the meeting.

Notice of general
meetings

(2) A general meeting shall not discuss any item which has not been circulated in the agenda of the meeting.

(3) A notice under subsection (1) shall be deemed to be duly served on a member if, at least fifteen days prior to the meeting, the notice is—

- (a) delivered to the physical address of the member;
- (b) sent by registered mail to the address of the member as recorded in the members' register; or
- (c) such other means of communication as the Director may approve on a case to case basis.

(4) Nothing in this section may be construed to limit a co-operative societies from using any other means to notify its members of scheduled meetings provided that such means shall first be approved by the Director.

53. (1) A co-operatives society shall hold an annual general meeting within three months after the end of the financial year.

Annual general meeting

(2) The Agenda of an Annual General Meeting shall include—

- (a) confirmation of minutes of the last general meeting except for a new co-operatives society;
- (b) adoption and consideration of the audited accounts;
- (c) receipt and discussion of the County co-operatives's auditor's report;
- (d) resolution on investment of surplus;
- (e) resolution on payment of bonus;
- (f) approval of next financial year procurement plan;
- (g) approval of the next financial year budget;
- (h) elections;
- (i) determination of the maximum borrowing power of the co-operatives society as may be necessary;
- (j) appointment an auditor for the following year or such period as the by-laws dictate; and
- (k) any other business.

(3) A co-operatives society shall hold its first annual general meeting within one month after registration where the members shall—

- (a) elect or in such other manner appoint committee members.

- (b) approve the annual procurement plan;
- (c) approve the annual budget;
- (d) determine the maximum borrowing powers of the co-operatives society;
- (e) appoint the co-operatives society's bankers and auditors; and
- (f) decide on any matter necessary for the better conduct of the co-operatives's business.

(5) The quorum for an annual general meeting shall be half plus one of the voting members.

54. (1) A co-operatives society shall hold at least one ordinary meeting to discuss the following—

Ordinary General meeting

- (a) committee's reports;
- (b) asset valuation report;
- (c) review of the implementation of the budget and the annual procurement plan;
- (d) any other item not subject to an Annual General Meeting.

(2) The procedure for convening of an ordinary meeting shall be as prescribed under this section 53.

55. (1) A special general meeting of a co-operatives society may be convened by the chairman of the management committee—

Special meetings

- (a) to discuss any urgent matter which in the opinion of the committee is in the interest of the co-operatives society; or
- (b) on receipt of a written notice of a meeting signed by a member or members of the co-operatives society as prescribed in the by-laws stating the objects and reasons for the meeting.

(2) Where the chairman of the management committee fails to convene a meeting within fifteen days of receipt of a notice under subsection (1) (b), the members calling for the meeting may convene the meeting by giving fifteen days' notice of the meeting as prescribed in this Act stating the agenda of the meeting and the fact that the chairman has failed to convene the meeting.

(3) Notwithstanding subsection (1) the Director may on written notice to the members convene and preside over a special general meeting of a co-operatives society and direct the matters to be discussed at the meeting —

- (a) if the co-operatives society has failed to hold a general meeting in two consecutive years; or
- (b) to address the co-operatives society on matters relating to the County Government policy or direction.

(4) In the event that the Director is unable to comply with the requirements of service of notice as set out under this Act, the Director shall be at liberty to use any other appropriate means to communicate the notice of the meeting at least fifteen days before the date of the meeting.

56. (1) A co-operatives society shall establish —

Committees of a co-operatives society

- (a) a management committee responsible for giving directions in regard to the business of the co-operatives society; and
- (b) a supervisory committee responsible for verifying all the transactions of the co-operatives society and reporting to the general meeting and to the Director.

(2) A co-operatives society may by resolution in a general meeting establish any other committees to deal with any matters specified in the resolution.

57. (1) The general meeting shall elect not less than three and not more than nine persons from amongst its members to be members of each committee.

Members of committees

(2) The members of a committee shall appoint from amongst themselves a chairperson, treasurer and secretary.

(3) A person shall only be elected as a member of a committee of a co-operatives society if that person —

- (a) is a member of the co-operatives society;
- (b) has met the constitutional threshold of integrity;
- (c) is not an employee of the co-operatives society;
- (d) has not been a member of the committee for two

consecutive terms;

- (e) at the end of the term of office, shall not exceed the age of seventy years;
- (f) being a member of a co-operatives society that lends money to its members, that member does not lend money on his or her own account;
- (g) being a member of a co-operatives society that trades in goods or produce, that member does not trade either on his or her account or some other person's account in the same type of goods or produce;
- (h) has declared his or her wealth to the Director in the prescribed manner within thirty days from the date of being elected a committee member;
- (i) is not bankrupt;
- (j) is of sound mind;
- (k) has not been adversely named in an inquiry report for mismanagement or corrupt practices;
- (l) does not owe any debt to the co-operatives society other than in respect of a loan;
- (m) has not defaulted in payment of loan owing to the co-operatives society;
- (n) does not owe any amount of money under a decree or order or is pending recovery under this Act;
- (o) has not been convicted of a criminal offence; or
- (p) has not been convicted of any offence under this Act.

(4) The term of office of the members shall be as spelt out in the by-laws provided that a term shall not exceed three years and that a person shall not serve for more than two consecutive terms.

(5) A co-operatives society existing prior to enactment of this Act shall within a period of three six months from the date of commencement of this Act hold a special general meeting for purposes of compliance with this section.

(6) A third of the members of the management committees shall retire on a rotational basis and a person eligible for re-election shall apply for reelection in accordance with the provisions of this Part.

58. (1) The position of a member of the committee shall become vacant at the expiry of the term or at any other time if the member is—

Vacancy of a position of a committee member and requirements to step down

- (a) convicted of a criminal offence excluding traffic offence;
- (b) adjudged bankrupt;
- (c) convicted of an offence under this Act;
- (d) unable to conduct business due to ill health; or
- (e) dead.

(2) A member of a committee shall be suspended from office for the period expedient to allow for conclusion of investigations if—

- (a) following an audit, there are allegations that the member has mismanaged the affairs of the co-operatives society, committed a fraudulent transaction or has been negligent in the conduct of business to the financial detriment of the co-operatives society;
- (b) the member is under investigation for a criminal offence not related to the co-operatives society's operations; or
- (c) The member is under bankruptcy proceedings.

(3) The Executive Member shall by regulations prescribe the procedure for conduct of investigations under this section.

(4) Where a vacancy occurs, including upon suspension of a member, the committee members shall nominate a member of the co-operatives society who qualifies to be elected under this Act as an interim member to transact business until the vacancy is filled by election in accordance with this Act.

(5) The period of interim membership under subsection (3) shall not be taken into account for purposes

of calculating the tenure of a person intending to become a member of a committee.

(6) The Director shall have powers to declare a vacancy and to surcharge a sum not exceeding one hundred thousand shillings to a committee member who upon being required to vacate office under this section fails to voluntarily vacate office, which sum shall be deemed a debt to the co-operatives society.

(7) Where following investigations the office bearer is found innocent of the allegation, the member may be reinstated to their position in the committee on confirming their interest to be reinstated in writing addressed to the Director and copied to the respective committee.

59. (1) The committees of a co-operatives society shall conduct business as set out in their by-laws. Functions of the committees

(2) Notwithstanding subsection (1), the management committee shall, in addition to any other functions assigned under this Act, or by the resolutions of a general meeting or the provisions of the by-laws—

- (a) oversee the general operations of the co-operatives society;
- (b) execute contracts;
- (c) authorize the use of the co-operatives society common seal;
- (d) institute and defend suits and other legal proceedings brought in the name of or against the co-operatives society;
- (e) implement the annual procurement plan and the budget;
- (f) manage the funds, assets and resources of the co-operatives society;
- (g) manage the co-operatives records including the by-laws, rules, books of accounts, member's register and minutes of meetings;
- (h) ensure that the accounts of the co-operatives society are audited in accordance with this Act;

and

- (i) do all other things necessary to achieve the objects of the co-operatives society in accordance with the by-laws.

(3) Notwithstanding subsection (1), the supervisory committee shall be the oversight authority of the co-operatives with powers to—

- (a) audit all the management functions and all operations of the co-operatives society;
- (b) to inspect all books of accounts;
- (c) prepare supervisory reports and recommendations for consideration by the management committee; and
- (d) submit its report to a general meeting for consideration.

(4) The committees shall prepare and submit reports of their activities to the general meeting and copies deposited with the sub-county co-operatives officer.

60. (1) The members of a committee shall exercise prudence and diligence of ordinary businessmen in the conduct of the affairs of a co-operatives society and shall jointly and severally be held liable for any losses sustained through any of their acts or omissions which are contrary to the Act, Regulations made under the Act, and the by-laws or rules of the co-operatives society or the resolutions of a general meeting of the co-operatives society.

Fiduciary duty

(2) Members of committees shall within thirty days from the date of appointment execute an indemnity in the prescribed form and in the event of default of a members obligation, the member shall indemnify the co-operatives society to the extent of the default.

61. A person appointed as a member of a committee shall within thirty days of such appointment and not later than thirty days after ceasing to be a member submit to the Director a declaration of his or her wealth.

Declaration of wealth
by member of a
committee

62. (1) The management committee shall be responsible for dispute resolution in the co-operatives

Settlement of
disputes

society and may —

- (a) consider and adjudicate on any claims and disputes submitted before it; or
- (b) on determination of any dispute, surcharge an offending member a sum not exceeding fifty thousand shillings and such sum shall be a debt due to the co-operatives society.

(2) In the event that the management committee is unable to resolve a dispute or where a dispute involves the members of the management committee, the matter may be referred to the sub-county co-operatives officer for determination.

(3) Notwithstanding the provisions of sub-section (2), where deemed necessary, the Director may appoint an ad hoc committee to consider any dispute of a co-operatives society and make recommendations for Director's consideration.

(4) A person aggrieved by a decision of the management committee or the Director under this section may appeal to the Co-operatives Appeals Committee.

63. (1) There is established a co-operatives society dispute resolution committee comprising of —

Co-operatives
Appeal Committee

- (a) Chief Officer who shall be the Chairperson; (to be defined).
- (b) a Legal Counsel of the County Government;
- (c) a member of staff of the County Government appointed to the Committee by the Executive Committee Member;
- (d) one person each representing the youth, women, men and persons with disability appointed by the Governor;
- (e) an expert in Co-operatives matters who is not a staff of the County Government; and
- (f) a representative of the Governor.

(2) A person aggrieved by any decision made under this Act may within sixty days from the date of that decision appeal in writing the co-operatives Appeals

Committee through the office of the Executive Committee Member.

(3) The Co-operatives Appeals Committee may, in making its determination, summon any person to appear before it to provide evidence or clarify on any matter or in any other way provide any information relevant to the appeal.

(4) The Executive Committee Member shall, by regulations, determine the procedure of the Co-operatives Appeals Committee.

PART VII— ACCOUNTS, ASSETS AND FUNDS OF A CO-OPERATIVES SOCIETY

64. A co-operatives society shall in its By-Laws Financial year declare its financial year.

65. (1) A co-operatives society shall keep proper Account and audit books of account which shall—

- (a) be prepared in accordance with international accounting standards;
- (b) reflect the true and fair state of the co-operatives society's affairs; and
- (c) explain the co-operatives society's transactions including:
 - (i) all sums of money received and expenditure incurred by the co-operatives society;
 - (ii) statement of its creditors and debtors;
 - (iii) an inventory of its movable and immovable assets;
 - (iv) total expenditure against the approved annual budget;
 - (v) statement of compliance with the law, including compliance with statutory deductions and returns; and
 - (vi) statement of its liabilities.

(2) The books of accounts shall be kept at the registered and branch offices of the co-operatives society.

66. (1) A co-operatives society shall during annual general meeting appoint an auditor to audit its accounts from among the list of auditors accredited under this Act and published by the Director.

Audit of accounts

(2) Notwithstanding the provisions of subsection (1), a co-operatives society shall not engage the services of an auditor for more than three consecutive years.

(3) A Co-operatives society shall within thirty days from the close of the financial year deposit a copy of its audits annual reports with the Director.

(4) The county co-operatives auditor shall have access to all books of accounts of a co-operatives society for purposes of conducting their audit to confirm compliance with the law and financial status of a co-operatives society.

(5) A co-operatives society shall cause its audited accounts to be published and publicized in the communication channels approved by the County Executive Member at least twenty one days before the date of the Annual General Meeting.

(6) The Director may summon any member of management committee of a co-operatives society to answer to any question or clarify any issues arising from the audits.

67. (1) A co-operatives society shall at the end of every financial year prepare an inventory of all its movable and immovable assets.

Assets inventory and
an assets valuation
report

(2) At the end of every three financial years, a co-operatives society shall cause all its movable and immovable assets to be valued at the market value by an asset valuation expert appointment by the co-operatives society by resolution of the members during a general meeting.

(3) A copy of the inventory and the assets valuation report shall be submitted to the Director within thirty days from the date of the annual general meeting provided that the asset valuation shall be submitted in the year when the same falls due.

(4) A co-operatives society or a branch of a co-

operatives society existing prior to the commencement of this Act shall, within thirty calendar days from the one financial year from the date of commencement of this Act, submit to the Director an inventory and a valuation of its assets.

(5) The provisions of section 69 shall apply with the necessary modifications where a co-operatives society fails to comply with the provisions of this section.

68. (1) The member of the management committee shall jointly and severally be held liable for failure to ensure that the books of accounts of a co-operatives society are audited and submitted to the Director within the timelines set out in this Act and may be surcharged by the Director to a sum not exceeding ten thousand shillings for every month of the delay which sum shall be deemed to be a debt owing to the co-operatives society.

Personal liability for failure to ensure audit

(2) Notwithstanding the generality of the subsection (1), where the management committee is unable to comply with the provisions of this Act due to an act of God or an act beyond the control of the members, they shall notify the Director of the reasons in writing for extension of time provided that time shall not be extended for more than three months.

(3) In addition to any other remedy under this Act, where a co-operatives society fails to comply with the provisions of this section, the Director shall declare the vacancy of the management committee, and immediately thereafter and not later than sixty days of such declaration, convene a special general meeting for purposes of conducting elections.

69. A co-operatives society may receive funds from—

Funds of a co-operatives society

- (a) members' contributions;
- (b) members' deposits;
- (c) interests on deposits;
- (d) donations;
- (e) loans and other borrowings;
- (f) grants from government;

- (g) returns on Investments;
- (h) fines and surcharges; and
- (i) any other source approved by the members.

70. (1) A co-operatives society may invest or deposit its funds—

Investment of funds of a co-operatives society

- (a) in securities authorized for the investment of trust funds;
- (b) in shares of other registered co-operatives societies;
- (c) with a licensed bank or licensed financial institution; or
- (d) any other institution as the members may by resolution propose subject to approval by the Director.

(2) A co-operatives society which intends to invest its funds other than as spelt out in this section shall seek prior approval of the Director .

(3) The Director shall not issue any approval under this section unless the members have by resolution in a general meeting sanctioned the proposed investment.

71. A co-operatives society may invest any of its assets in any manner approved by a resolution of the members in a general meeting

Investment of assets

72. A co-operatives society shall not give a loan nor allow credit to a non-member except in accordance with the By-laws.

Restriction on giving loans to non-members

73. A co-operatives society shall not receive deposits or loans from non-members except in accordance with the By-laws.

Restriction on receiving deposit or loans from non-members

74. A co-operatives society with powers to borrow in its By-laws shall from time to time at an annual general meeting fix the maximum liability which it may incur in loans or deposits from non-members subject to approval by the Director.

Limitation of powers to borrow

75. (1) A co-operatives society may charge the whole of part of its property in accordance with its By-laws subject to a resolution by a general meeting and approval of the Director.

Registration of a charge property of a co-operatives society

(2) In addition to complying with the provisions of any other law applicable to the particular type of charge, a co-operatives society that creates a charge shall lodge the charge with the Director for registration together with any other document by which the charge is created or evidenced in the format set out in the First Schedule and pay the prescribed fees.

(3) This section applies to the following charges created by the co-operatives society —

- (a) a charge on land or any interest in land owned by the co-operatives society or which the co-operatives society has proprietary interests;
- (b) a charge on the co-operatives society share capital;
- (c) a floating charge on the co-operatives society's property or undertaking;
- (d) a charge registered on any property prior to acquisition of the property by the co-operatives society;
- (e) a charge created outside Kenya comprising of property located within or outside Kenya; or
- (f) any other charge that the Executive Member may by regulation require to be registered under this section.

(4) The registration of a charge under this section may be effected by any other persons who may recover any fees properly paid for the registration from the co-operatives society.

(5) Where a charge of a co-operatives society is not registered with the Director in accordance with this section due to negligence or carelessness on the part of the committee members, such members shall be deemed to have acted contrary to the Act and the Director may surcharge each member a sum not exceeding ten thousand shillings for every month of default.

(6) The Director shall maintain a register of all charges registered under this section.

76. (1) Where a statement is lodged with the Director verifying that the debt for which a charge was created has been wholly or partly satisfied, the Director shall record in the register of charges a memorandum of satisfaction in respect to the whole or part payment of the debt.

Memorandum of satisfaction or release

(2) Where a statement is lodged with the Director verifying that a charged property or undertaking has been released from the charge, the Director shall record in the register of charges a memorandum of release stating that the property or undertaking has been released from the charge.

(3) Where a statement is lodged with the Director that a charged property or an undertaking has ceased to form part of the co-operatives society's property or undertakings, the Director shall record in the register of charges that the property or undertaking has ceased to form part of the co-operatives society's property or undertakings.

(4) The Director shall, within thirty days from the date of receipt of a written request by the co-operatives society and payment of the prescribed fee, issue a copy of a memorandum of satisfaction or release recorded in accordance with this section.

77. (1) A co-operatives society shall in each year, subject to adequate surplus, declare the bonus due to its members and pay to each member at a rate approved at the general meeting.

Declaration of bonus

(2) Where a co-operatives society requires to re-invest the bonuses declared for capital development the co-operatives society shall issue bonus certificates to its members in lieu of cash payments which may be redeemed from a revolving fund established by the co-operatives society for that purpose.

(3) A co-operatives society shall not pay a dividend, bonus or distribute any part of its accumulated funds before receipt of the audited accounts disclosing the surplus funds out of which the dividends, bonus or distributions are to be made.

78. (1) A co-operatives society which derives surplus from its transactions shall maintain a reserve fund.

Reserve fund

(2) A co-operatives society shall within thirty days of declaration of surplus deposit into the reserve fund at least ten percent of the declared surplus.

(3) The reserve fund of a co-operatives society shall be indivisible and no member shall be entitled to claim a specific share of it.

(4) The reserve fund shall be invested in the manner provided under this Act.

(5) Upon dissolution of a co-operatives society the funds under reserve funds shall first be applied to discharge the liabilities of the society.

79. (1) A co-operatives society operating or intending to operate front office services shall apply to the Director for licence to operate a front office in the format prescribed in the First Schedule and pay the prescribed fee.

Front office services

(2) A licence under subsection (1) shall not be issued unless the co-operatives society has complied with the requirements set out in the Second Schedule and—

- (a) has for the last three years maintained a minimum liquidity at ten per cent of the deposits;
- (b) maintains a minimum capital adequacy and reserves as ten per cent of its total liabilities;
- (c) has made provisions for bad and doubtful debts in accordance with guidelines prescribed by the Director before declaring any surplus; and
- (d) has maintained any other standards as the Executive Committee Member may from time to time publish in the Gazette.

(3) The Director may withdraw a licence to operate front office services if the co-operatives society has failed to maintain the standards set out under this Act.

80. (1) The Executive Member may by regulations establish a regulatory framework for co-operatives societies operating front office services.

Supervision of front office services

(2) Notwithstanding the generality of subsection (1), the Director shall, in respect to a co-operatives society

operating front office services—

- (a) require the co-operatives society to regularly submit its accounts, records and any other relevant statistics.;
- (b) collect such data and other information as may necessary for the protection of the members' funds; and
- (c) regularly inspect the operations of front office as may be necessary.

81. (1) A co-operatives society shall file its annual Annual returns
returns with the Director not later than four calendar months after the close of its financial year giving details of—

- (a) general meeting and resolutions made if any;
- (b) general performance of the co-operatives society during the year;
- (c) profile of new members admitted during the year;
- (d) details of a member who is not actively trading with the co-operatives and statement of expected benefits or liabilities of the member;
- (e) details of any person who has exited membership;
- (f) report of action taken in respect of an audit report; and
- (g) any other information that the Director may deem appropriate.

(2) The Director may recommend the de-registration of a co-operatives society that has failed to submit its annual return for a period of three years.

PART VIII— INSPECTION AND INQUIRY

82. (1) The sub-county co-operatives officer or any Conduct of routine inspection
other person authorized by the Director may, on reasonable notice and at least once every year carry out routine inspection into the affairs of a co-operatives society to confirm that the co-operatives society is complying with the law.

(2) A co-operatives society shall pay the prescribed inspection fee.

83. (1) The Director may either on his own motion or on direction of the Executive Member or on the application of at least one third of the members present and voting at a meeting of the co-operatives society hold an inquiry or direct any person to hold an inquiry into the operations, management or financial conditions of a co-operatives society.

Conduct of an inquiry

(2) The inquiry report shall be shared with the management committee.

(3) The Director shall consider the inquiry report and may—

- (a) direct the co-operatives society to take measures to remedy any negative finding;
- (b) dissolve the management committee and cause to be appointed an interim committee for a period not exceeding ninety days;
- (c) adopt the report with no recommendations where no negative findings are made; or
- (d) recommend the de-registration of the co-operatives society to the Executive Member.

(4) The Director shall have powers to surcharge a member of the a Committee who fails to implement the directions of the Director following an inquiry to a sum not exceeding fifty thousand shillings which sum shall be deemed a debt owing to the co-operatives society.

(5) The Executive Member shall by regulations prescribe the procedure of conducting inquiry.

84. (1) The county co-operatives auditors may, as may be appropriate or on the application of a creditor of a co-operatives society, inspect or direct a person to inspect the books of accounts of a co-operatives society where the Director is satisfied that the debt is a sum due and that the co-operatives society has failed or neglected to satisfy the debt.

Inspection of books of indebted society

(2) The Director may apportion the costs of the inspection between the creditor and the co-operatives

society or direct any party to pay as the Director shall deem appropriate.

(3) The Director shall inform the creditor and the co-operatives society the results of the inspection.

85. (1) The Director may inquire or cause to be inquired into the conduct of a present or past member of a co-operatives society who has taken part in the organization or management of a co-operatives society where it appears that the person—

Inquiry of conduct of persons or committee member

- (a) may be guilty of misfeasance or breach of trust in relation to the co-operatives society; or
- (b) has misapplied or retained or become liable or accountable for any money or property of the co-operatives society.

(2) The Director may, upon receipt of the report of inquiry confirming the allegations in subsection (1) require that the person repay or restore the money or property or any part thereof to the co-operatives society.

(3) This section shall apply notwithstanding that the act or default by reason of which the order is made may constitute an offence under this Act or any other written law for which the person has been or is likely to be prosecuted.

86. The Director may make an order apportioning the whole or part of the expenses incurred in the conduct of an inquiry or an inspection between the co-operatives society, the members of a co-operatives society or the creditor demanding the inquiry or inspection in such manner as it shall be appropriate.

Expense of the inquiry or inspection

87. (1) The Executive Member may on the recommendation of the Director by notice in the Gazette de-register a co-operatives society if upon inquiry the Executive Member is satisfied that the business of the co-operatives society—

De-registration of a co-operatives society

- (a) is fraudulent;
- (b) insolvent;
- (c) against the principles of co-operatives society;
- (d) is not promoting or likely to promote the

economic wellbeing of its members; or

(e) is prejudicial to the general public interest.

(2) A notice to de-register a co-operatives society may only be issued if the co-operatives society has been-

(a) notified of the reasons for the proposed de-registration in writing; and

(b) given a period of six months to attend to the reason and has failed to attend to the reasons raised to the satisfaction of the Director.

(3) A co-operatives society which has been de-registered shall be subject to the winding up procedure under this Act.

PART IX—WINDING UP AND FUNCTIONS OF A LIQUIDATOR

88. (1) The Executive Member, may, on the recommendation of the Director, appoint a liquidator to wind up a de-registered co-operatives society on such terms and conditions as the Executive Member shall determine.

Appointment of
the liquidator

(2) The Executive Member shall publish in the Gazette the name of the person appointed as a liquidator of a co-operatives society.

(3) All property of the co-operatives society under liquidation shall vest in the liquidator upon publication of the appointment in the Gazette.

(4) The Executive Member may terminate the appointment of a liquidator if the Executive Member is satisfied that the liquidator—

(a) has failed to meet the performance targets set in the Contract of appointment;

(b) is suspected of mismanagement or execution of fraudulent transactions in the performance of the functions assigned;

(c) is found to have tendered false documents to secure the appointment;

(d) has interests that are in conflict with the functions assigned; or

(e) Is incompetent

89. A person may not be appointed as a liquidator unless the person— Qualifications of a liquidator

- (a) has an academic degree in finance, law, co-operatives or any other relevant academic degree as the Executive Member may by regulation specify;
- (b) has at least five years' work experience;
- (c) meets the constitutional threshold of integrity; and
- (d) is not a member or a past member of the co-operatives society under liquidation.
- (e) does not have any pending disciplinary issues in a professional body which he or she is a member.

90. The liquidator shall have powers to— Powers of a liquidator

- (a) schedule the manner and period in which creditors whose claims are not already recorded in the books of the co-operatives society shall state and prove their claims for admission;
- (b) summon and enforce the attendance of witnesses and compel the production of documents as shall be necessary;
- (c) institute and defend suits and other legal proceedings by and on behalf of the society in the name of the office of the liquidator and appear in the proceedings as a litigant on behalf of the co-operatives society;
- (d) appoint professionals and experts as shall be necessary to execute the functions assigned;
- (e) determine from time to time the contributions to be made by members, past members or estates of deceased members of the co-operatives society to the funds of the co-operatives society;
- (f) investigate all claims against the co-operatives society and decide questions of priority arising between claimants;

- (g) call such meeting of members and creditors as may be necessary for the proper conduct of the liquidation;
- (h) sell the movable and immovable assets and rights of action of the co-operatives society in accordance with this Act and transfer rights and title;
- (i) carry on the business of the co-operatives society as far as may be necessary for the proper liquidation of the affairs of the co-operatives society;
- (j) determine from time to time persons who are liable to meet the liquidation expenses and in what proportion;
- (k) take possession of the books, documents and assets of the co-operatives society;
- (l) arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Director;
- (m) give such direction in regard to the disposal of books and documents of the society as shall be necessary for the winding up of the affairs of the co-operatives society;
- (n) compromise with approval of the Director, any claim by or against the co-operatives society; or
- (o) apply to the Director for discharge from the duties of liquidator after completion of the liquidation process.

91. The Director shall coordinate the liquidation process and may—

Limitations of
liquidators powers

- (a) recommend to the Executive Member the termination of a contract of the liquidator;
- (b) call for all books, documents and assets of the co-operatives society;
- (c) procure auditing of the liquidator's accounts;
- (d) require any member or past member of a co-

operatives society and any trustee, banker, receiver or agent to pay, deliver, convey, surrender or transfer forthwith or within such time as the Director shall set, to the liquidator any money, property, books or papers in the hands of the member to which the co-operatives society appears to be entitled to; or

- (e) take appropriate action as shall be necessary to safeguard all interests represented in the winding up process.

92. An account to be called the Co-operatives Societies Liquidation Account shall be kept by the Director with such bank as approved by the Executive Member and shall be administered in the manner approved by regulations.

Co-operatives
society's liquidation
accounts

93. The Executive Member shall by regulations prescribe the winding up procedure.

Winding up
procedure

PART X — GENERAL PROVISIONS

94. (1) There is established the Co-operatives Development fund whose objects shall be to promote education, training research, consultancy and related activities in the co-operatives sector within the County.

Co-operatives
development fund

(2) The Fund shall consist of the registration fees, penalties, fines and contributions made by the co-operatives societies and any other lawful sources.

(3) The Fund shall be utilized for conduct of education, training and sensitization of the public and members of co-operatives on operations and management of co-operatives.

(4) The administration costs of the fund shall be a maximum of three (3%) percent of the approved budgets to the fund.

95. The Executive Member may from time to time by a notice in the gazette publish regulations for the better carrying out of the objects of this Act, in particular to provide for—

Publication of
regulations

- (a) the winding up procedure of a co-operatives society;

- (b) amalgamation or division of a co-operatives society;
- (c) regulatory framework of co-operatives societies operating front office services;
- (d) requirements and powers to grant provisional registration;
- (e) conduct of an inquiry or an inspection;
- (f) procedure for appeals under the Act.
- (g) prescribing fees for services rendered;
- (h) registration of charges;
- (i) procedure for the Co-operatives Appeal Committee;
- (j) utilization and management of the Co-operatives Development Fund;
- (k) conduct and procedure of meeting of co-operatives;
- (l) transfer of shares and rights of members of co-operatives society; and
- (m) any other regulations deemed necessary for better implementation of this Act.

96. There is established a co-operatives society registry for the maintenance of the county co-operatives records and documents, including—

Establishment of a co-operatives registry

- (a) registration documents;
- (b) co-operatives by-laws, rules, regulations or constitutions;
- (c) members' registers;
- (d) annual returns;
- (e) co-operatives assets inventory;
- (f) co-operatives assets valuation records;
- (g) registered charges, chattels or discharges;
- (h) co-operatives resolutions on borrowing powers;
- (i) records of office holders; and

(j) any other records as the Director may deem appropriate.

(2) A member of a co-operatives society, a creditor or any other person with the authority of the Director may request for a search of the particulars of a co-operatives society

97. (1) A co-operatives society shall not appoint an auditor unless the auditor is first listed as an accredited auditor by the Director in accordance with this Act. Accreditation of auditors

(2) The Executive Member may from time to time prescribe regulations or guidelines for accrediting auditors under this Act.

98. No member of a co-operatives society shall receive remuneration, salary, commission or any other payment from the society for services rendered save by resolution of the members in a general meeting and approved by the Director. Remuneration of members of a co-operatives society

99. Without prejudice to any other powers under this Act the Director may — Other powers of the Director

- (a) call for elections in any co-operatives society that has failed to undertake this function in accordance with its By-laws;
- (b) attend meetings of a co-operatives society and require a co-operatives society to send within proper time a notice and agenda of every meeting and all minutes and communications in respect thereof;
- (c) require that co-operatives societies update their By-laws;
- (d) exercise such other powers consistent with this Act; and
- (e) delegate in writing powers and duties to such other officers as may be necessary for the realization of this Act.

100. (1) It shall be an offence under this Act where— Offences

- (a) a co-operatives society or a member of a co-operatives society fails to do or to cause to be done any act or thing which is required by or

under this Act or any Regulations made there under to be done; or

- (b) a co-operatives society or a member thereof does anything which is prohibited by or under this Act or any Regulations made there under; or
- (c) a co-operatives society or a member thereof willfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act by the Director or any person duly authorized in that behalf by the Director; or
- (d) a co-operatives society or member thereof willfully makes a false return or furnishes false information with respect to any return or information in or which is required by or under this Act or any Regulations made there under; or
- (e) any person willfully and without reasonable excuse disobeys any summons requirements or lawful order issues under this Act or fails to furnish any return or information lawfully required from him by a persons authorized to do so or which he is required to furnished by or under this Act or any Regulations made there under; or
- (f) any person acts or purports to act as an officer of a co-operatives society when not entitled to do so.

(2) Any person who commits an offence under this section or under any other section under this Act for which no penalty is provided shall be liable to a fine not exceeding five hundred thousand shillings or to imprisonment for a term not exceeding twelve months or to both.

101. (1) The provisions of the Companies Act other than those referred to in this Act and the Registration of Business Name Act shall not apply to the co-operatives society.

Certain laws not to apply

(2) Notwithstanding the provisions relating to Labour laws, no co-operatives society shall be taken to a trade union.

102. (1) A member of a co-operatives society that was in existence before the enactment of this Act, shall retain his or her rights, assets and liabilities in the co-operatives society as if such rights, assets and liabilities were held under this Act.

Savings and
transition

(2) Any contract or obligation of a co-operatives society existing before the enactment of this Act shall continue in force as if the contract or obligation was under this Act.

SCHEDULE ONE**FORM IA***Sec. 10(1), 10(4), 14(1) & 15(1)***THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT****APPLICATION FOR
REGISTRATION/AMALGAMATION/DIVISION/ESTABLISHMENT OF A BRANCH/ CHANGE OF NAME OF A CO-OPERATIVE SOCIETY**

TO: The Director of Co-operatives

KIAMBU

1. Name of proposed co-operative society / name of the registered co-operatives society
- Area of operation
- Type of society
- Whether limited or unlimited liability

2. Name of person appointed to perform the duties of the secretary of the society
- Registered office and postal address of the society

.....

.....

We the undersigned being the founding members/official of the co-operatives society hereby apply for the registration/
amalgamation/division/ of the above society under the Act/ to
establish a branch of the above mentioned society at the following
location/ to change the name of the co-operatives society to

.....

.....

and attach all the documents required under the law.

<i>Name</i>	<i>Occupation</i>	<i>Age</i>	<i>Address</i>	<i>Signature</i>
.....
.....
.....
.....
.....
.....
.....
.....
.....

FORM II A*Sec 10(6)(b), 11(2), 15(3)(a)* **REGISTRATION NO.....**

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT
 CERTIFICATE OF REGISTRATION OF A CO-OPERATIVES
 SOCIETY/BRANCH OF A CO-OPERATIVES
 SOCIETY/PROVISIONAL REGISTRATION

I hereby certify that the co-operative society under the name of

.....

.....

And has been registered/ provisionally registered/ has registered a
 branch office to be located at
 by me in the Register of Co-operative Societies, in pursuance to the
 provisions of the Act and the Rules made there under.

The registered office of the co-operatives society is at

.....

Given under my hand at Kiambu,
 this.....

Day of 20.....

.....
Director of Co-operatives

FORM IIB

Sec. 10(4)

REGISTRATION NO.....

**THE KIAMBU COUNTY CO-OPERATIVE
SOCIETIES ACT**

CERTIFICATE OF AMALGAMATION/ DIVISION

I hereby certify that the Co-operative Society under the name
of.....

.....registered on

..... Registration certificate no

Has been duly amalgamated with/divided into the co-operatives society
known as Registered on

..... registration number

..... and shall henceforth be known as

..... registered by me and entered in
the Register of Co-operative Societies, in pursuance to the provisions of the
Act and the Rules made there under.

Given under my hand at Kiambu, this

day of.....20.....

.....

Director of Co-operative

FORM IB**Sec. 21(2)****REGISTRATION NO.....**

THE KIAMBU COUNTY CO-OPERATIVE

SOCIETIES ACT

CERTIFICATE OF CHANGE OF NAME

Thereby certify that the Co-operative Society under the name
of.....

.....registered on
Registration certificate no Has changed its name to
henceforth be known as
registered by me and entered in the Register of Co-operative Societies, in
pursuance to the provisions of the Act and the Rules made there under.

Given under my hand at Kiambu, this

..... day

of.....20.....

.....
Director of Co-operative

FORM III

Sec. 25(1)

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT
APPLICATION FOR AMENDMENT OF BY-LAWS

We.....
.....

Chairman and Secretary of.....

Co-operative Society Limited hereby certify:

- i. that the enclosed amendment for the by-laws was made at a general meeting held On.....
- ii. that on that date there were members voted society of whom were present in the meeting;
- iii. that..... members voted for the amendment
- iv. that proper notice of the meeting and the proposed amendment were issued to all members of the society;
- v. that a voting paper was duly issued to every member;
- *** vi. that the amendment has received the prior approval of the Director of Co-operatives.

.....
Chairman

Date

.....
Secretary

insert name of society.

** to be deleted in all cases except those in which voting papers have been used by society of limited liability.

*** *delete* if not applicable.

FORM IVA*Sec. 69*

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT
ANNUAL RETURN FOR THE YEAR

.....

(to be submitted within four months of the end of the financial year)

Name of the co-operative society

.....

Registration number.....Date of registration

.....

Registered address

.....

Type of society

.....

The liability of members

is*.....

(a) Limited to a nominal value for each share held;

(b) Limited to Times the nominal value of each
share held;

(c) Unlimited

The number of members of the society is

.....

The number of shares issued

is.....

The nominal value of one share is

KSh.....

The maximum liability which the society may incur in loans or deposits is
KSh.....

.....

.....

.....

The total indebtedness of the society secured by registered charges is KSh.....

The date the last annual general meeting was held

Particulars of offices for the financial year fromto are as follows:

<i>Title of Office</i>	<i>Name of Holder</i>
Chairman
Vice – Chairman
Committee members	
(a)
(b)
(c)

A certified true copy of the audited accounts and balance sheet is filed herewith.

Dated this day

of..... 20..... (Signed):

Secretary/ Manager,

FORM V**Sec. 51(2)**

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT
INDEMNITY TO A CO-OPERATIVE SOCIETY

TO:

..... In
 consideration of your giving or continuing to give an indemnity of
 KSh.

I

jointly and severally for myself and my legal personal representatives,
 successors and assigns hereby: -

- (a) agree to keep you indemnified against all actions, proceedings, liability, Claims, losses, damages, costs and expenses arising from action and omissions as a consequence of my role in the mismanagement of the resources of the co-operative society in my capacity as a member of the Management Committee/Supervisory Committee.
- (b) irrevocably authorize you to offset the liability, losses, damages, costs and expenses by attaching my shares, deposits, personal property and other personal assets without prior reference to me;
- (c) irrevocably authorize you to make any payments and comply with any demands which may be claimed from or made upon you under the said indemnity without any further reference to or further authority from me and agree that it shall not be incumbent upon you to inquire whether or not any dispute exists between myself and the beneficiary of the said indemnity and further agree that any payment in accordance or purporting to be in accordance with the said indemnity shall be binding on me and shall be accepted by me as conclusive evidence, that you were liable to make such payments or comply with such demands and further that you may at any time determine the said indemnity and
- (d) Irrevocably authorize you to debit my share/deposit account with KSh.and to hold this amount as security margin against your liability under the said indemnity until such time as the same may discharge;

and/or, agree to undertake to deposit with you upon request made by you at any time until the same indemnity shall have been released such or

other securities as may be acceptable to you in full or part of your liability under the same indemnity.

Signed this day of
..... 20.....

Deponed by me

.....

Before
Commissioner for Oaths.

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT
NOMINATION FORM

The Chairman,..... Co-operative Society Ltd.

P.O. Box.....

I I/D
..... No..... of Post office
Box

member of Co-
operative Society Ltd;being member No..... hereby nominate
the following nominee(s) to inherit my shares or interest in the said Society in
the following manner.

<i>Name of nominee (s)</i>	<i>Relationship</i>	<i>% of share/Interest</i>
1.		
2.		
3.		
4.		

Witnessed by: -

1. I/D NO.

Address Signature

2. I/D NO.....

Address

Signature.....

Given under this hand this

Day of 20.....Signature

FORM VIII

Sec. 63

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT

NOTIFICATION OF LIMITATION OF BORROWING POWERS

TO: The Director of Co-operatives

KIAMBU

Name of the co-operative society

.....

Registration Number

.....

This is to inform you that at a duly convened annual general meeting of the above society held on the.....day of.....20.....

the following resolution was passed: -

That the maximum liability which the society may incur in loans or deposits from non-members shall be shillings (in words)

.....

On the date of the annual general meeting members the society had

.....

fully paid members and there were
members present at the meeting of whom
voted in favor of the resolution andAgainst.

I hereby certify that the particulars contained above are correct.

Signed.....

Secretary/Manager

FORMIX*Sec. 64*

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT
 PARTICULARS OF CHARGE CREATED BY A CO-OPERATIVE
 SOCIETY

To: The Director of Co-operatives

KIAMBU

Name of Co-operative Society

.....

Registration Number

.....

.....

Date and description of the instrument creating or evidencing mortgage or charge

.....

.....

Land registrar particulars

.....

.....

.....

.....

Name, address and description of the mortgage on persons entitled to the charge:

.....

.....

.....

.....

.....

Dated this Day of

..... 20

.....

Secretary/Manager

FORM XB

Sec. 64

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT

REGISTER OF CHARGES

Name of the co-operative society.....
Registration number.....
Date of charge
Date of acquisition of property.....
Amount secured by charge.....
particulars of properties charged
Person entitled to charge.....
Date of resolution authorizing issue of series debentures.....
Date of covering deed
Names of trustees of debenture holders:
Date of registration
Signature.....
Memorandum of satisfaction.....
Date of discharge.....
Dated thisday of.....
20.....

.....
Director of Co-operatives

FORM XB*Sec. 64***THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES
ACT****CHRONOLOGICAL INDEX OF CHARGES**

Serial No

Register of charges folio No.

Date charged

Amount of charge.....

Particulars of charge

Person entitled to charge.....

Name of society creating the charge

.....

.....

.....

Date of registration.....

Remarks.....

.....

.....

.....

.....

FORM XI

Sec. 64

THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT

CERTIFICATE OF REGISTRATION OF A CHARGE

To:

.....

.....

Name of the co-operative society

.....

Registration number

.....

Date and description of the instrument creating or evidencing the mortgage or charge

.....

.....

.....

Amount secured by the mortgage or charge Kshs.

.....

Short particulars of the property mortgaged or charged

.....

.....

.....Land

Registry particulars:

.....

.....

.....Name, addresses
and description of the mortgages or persons entitled to the charge:

.....

.....

.....Dated

this day of.....

20.....

.....

Director of Co-operatives

FORM XII*Sec. 64***THE KIAMBU COUNTY CO-OPERATIVE SOCIETIES ACT
CERTIFICATE OF SATISFACTION OF CHARGE**

TO: The Secretary

.....Co-operative Society Ltd.

P.O. Box

.....

Name of the co-operative
society.....Registration
number.....Date and description of the instrument creating or evidencing the
mortgage or charge.....
.....
.....

Amount secured by the mortgage or charge

Kshs.....

Short particulars of the property mortgaged or charged: -

.....
.....
.....

Land registry particulars: -

.....
.....
.....Name, addresses and description of the mortgages or persons entitled to
the

charge: -

.....
.....
..... Date of discharge
.....

Dated thisday of

.....20.....

.....

Director of Co-operatives

SCHEDULE TWO – FEES AND CHARGES**Fees for Co-operatives Services**

The fees specified in the third column shall be charged for services specified in the second column

<i>S/No.</i>	<i>Item Description</i>	<i>Charges/ Fees in Ksh</i>
	<i>General Charges/Fees</i>	
1	Registration of Co-operatives society	6,300
2	Change of name	5,000
3	Official search	1,000
4	Certification of documents	3,000
5	Amendment of regulations/rules/bylaws	2,000
6	Request of inspection by a creditor	50,000
a)	Request of inspection by a member	5,000
b)	Routine inspection by Directorate	5,000
c)	Refusal to allow inspection	100,000
d)	Penalty for Failure to register charge	5,000
e)	Auditor accreditation fee	8,000
f)	Supervision fee of accounts audited by external auditors	10% of fees charged
g)	Filing of annual returns	2,000
h)	Registration of charge	3,000
i)	Issuance of a memorandum of satisfaction	1,000
j)	Approval of audit firms	5,000
k)	Appeals to County Executive to the Committee	3,000
l)	Search fee	500

MEMORANDUM OF OBJECTS AND REASONS

This Bill provides for the establishment of framework for registration and regulation of co-operative societies, for implementation of section 7(e) of Part II of the fourth schedule to the Constitution.

PART I of the Bill deals with preliminary matters. The Part sets out the purpose of the Bill which includes ensuring effective, efficient regulation of co-operatives societies. The part provides that no person shall be allowed to operate a co-operatives society or a branch of a co-operatives society or such other presence of a co-operatives society within the County unless they are first registered under this Act.

PART II of the Bill provides for the establishment of the office of the Director for Co-operatives, outlining the powers of this office. The Director for Co-operatives shall be appointed by the County Public Service Board in addition to such other officers as shall be required for better operationalization of this Act. The Bill also specifically outlines the roles of the County Executive Committee Member responsible for co-operatives societies.

PART III of the Bill provides for the registration process of new co-operatives societies, existing co-operatives societies and branches of co-operatives societies registered in other Counties. The part also provides for the development of regulations that will guide the Director to grant provisional registration. This section is aimed at facilitating persons who have not met all the requirements of the Act to be registered on an interim measure for a period not exceeding one year. The part also guides the process of reserving a name of a co-operatives society to ensure that there is no duplication of names in the County and the Country at large.

PART IV of the Bill guides on the development of the by-laws, its content, their binding powers on member, including the power to provide for a fine for non-compliance with the by-laws. It also provides for the process of amendment of the by-laws.

PART V provides for rights and obligations of members. These include the qualification for membership, the right to vote, hold shares, trade with the co-operatives society and to appoint a nominee to hold shares in the event of death or incapacity. In addition, the section outlines the members' obligations, such as the payment of dues, observation of the by-laws provision, participation in meetings and to meet decisions of the co-operatives society. It addresses the rights of both the present, past and deceased members and the extent of their liabilities.

PART VI of the Bill provides for the management structure of the co-operatives. It vests the powers of the co-operatives society on the general

meeting. These can be annual general meeting or special general meeting. The Bill also sets out the modalities of holding these meetings. The part also establishes the two standing committees of co-operatives, that is to say, the management committee and the supervisory committee. The part also gives the co-operatives society the power to establish such other committees as may be necessary for better execution of their objects.

The part has set out membership of members of the committees, their qualifications and disqualifications, including tenure of office of the committee members.

The part requires the members of the committee to uphold their fiduciary duty, and in line with this, has required each person to sign an indemnity form. Members of the committee are also required to declare their wealth upon appointment and at the end of their tenure.

PART VII provides for the management of accounts of the co-operatives society. It requires that the co-operatives society must declare a financial year. The co-operatives society must also keep proper books of accounts in accordance with international financial standards. The part provides for audit of accounts and attaches personal liability on the members of management committee for non-compliance with these standards. The part guides on investment of funds of a co-operatives society, restriction on grant of loans to members and non-member, restriction on powers to borrow, declaration of bonus and management of charges against the property of a co-operatives society.

The part also gives the County Committee Executive Member for co-operatives the power to establish a regulatory framework for co-operatives societies that intend to operate front office services.

According to this part, all co-operatives societies will be required to file annual returns in the prescribed form.

PART VIII provides for inspections and audits of co-operatives societies. The part provides for routine inspections annually or inspections on the request of members, or a creditor of a co-operatives society, or on request of the County Committee Executive Member for co-operatives. The inquiry may also be undertaken on members of the committee. On a report of an inquiry, the Director may recommend the de-registration of a co-operatives society under this part.

PART IX provides for the process of winding up of a co-operatives society. The part provides for the appointment of a liquidator, the qualification and powers and limitation of powers. The part requires for the establishment of an account for a co-operatives society under liquidation. In addition, the part gives the County Committee Executive

Member for co-operatives the power to develop regulations to better guide the winding up process.

PART X provides for general provisions. Under this part, the words “co-operatives society” are protected. The part also outlines the regulations that the County Committee Executive Member for co-operatives is required to enact. The part also set out offences and penalties. It clearly prohibits the payment of salaries and allowances to members unless approved at a general meeting and by the Director. The part also outlines the transition process. Under this specific section, the co-operatives societies existing at the commencement of this Act is required to align with the provisions of the Act within a period of one year from the date of commencement of the Act.

The part also establishes a registry of co-operatives societies where all documents and records of a co-operatives society shall be kept for safe custody and for searches. The part also dictates the manner of accrediting auditors who will be responsible for auditing the co-operatives societies.

The First Schedule provides for prescribed forms to be used under this Act.

The Second Schedule sets out the fees payable for various services to be rendered under this Act.

Dated the 26th July, 2018

*Chairman, Committee on Trade, Co-operatives,
Tourism and Enterprise Development.*