

## **IMPORTANT INFORMATION**

### **Completion of Constitution**

Where openings have been left for completion (e.g. “.....” ) the required information must be completed.

### **Entrance Fees, Membership/Subscription Fees & Shares**

To become a member of a co-operative, a person MUST take up:

- (a) an Entrance Fee; OR
- (b) an Entrance Fee, a Membership/Subscription Fee; OR
- (c) an Entrance Fee, a Membership/Subscription Fee and a Share(s); OR
- (d) a Share(s).

It is up to the members to decide at the Founding Meeting which of these options they want to use.

### **Other Clauses That May Be Deleted**

Other changes can also be made to the constitution, given that the changes are in line with provisions of the Co-operatives Act, 2005 and the rest of the constitution.

..... **FINANCIAL SERVICES**  
**PRIMARY CO-OPERATIVE LIMITED**

**NAME**

1. [a] The name of the Co-operative is .....  
 ..... **FINANCIAL SERVICES PRIMARY CO-OPERATIVE LIMITED.**
- [b] The abbreviated name is ..... **(CO-OP.) LTD.** (if applicable)
- [c] The Co-operative may trade as ..... (if applicable)

**FORM OF CO-OPERATIVE**

2. This is the constitution of a business undertaking formed as a **Primary Financial Services** co-operative with limited liability in terms of the provisions of the Co-operatives Act, 2005 (Act No. 14 of 2005).

**INTERPRETATION OF TERMS**

3. In this constitution, unless the context indicates otherwise, a word or expression to which a meaning is attached in the Co-operatives Act, 2005 shall have a similar meaning and –

“**Act**” means the Co-operatives Act, 2005 (Act No. 14 of 2005);

“**Audit Committee**” means the sub-committee of the Board established in terms of 9.3.1 below;

“**Board**” means the Board of Directors from time to time of the Co-operative;

“**Co-operative**” means the .....  
 ..... **FINANCIAL SERVICES PRIMARY  
 CO-OPERATIVE LIMITED**, being the undertaking established under the Act to which this constitution relates;

“**Gender**” a reference in this constitution to the masculine gender shall also include the feminine gender and vice versa;

“**Link Bank**” means a bank, registered under the Banks Act, Act No. 94 of 1990, with which the Board has concluded an agreement relating to the provision of financial services to the Co-operative;

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“**Members**” means Members of the Co-operative by virtue of article 6 below;

“**Officer**” means any person holding a position of office in the Co-operative;

“**Patronage Proportion**” means the proportion which the value of transactions conducted by a Member during any particular period with the Co-operative bears to the value of transactions conducted by all Members during the same period with the Co-operative; provided that the value of the said transactions shall be calculated on a basis –

- (a) excluding transactions conducted by the Member during the said period in respect of which any service fee is payable; and
- (b) taking into account the aggregate value of all interest received by and interest paid by the Member during the said period;

“**special resolution**” means a resolution by a general meeting of the Co-operative where –

- (a) the notice through which the meeting was called specified particulars of the proposed resolution and stated the intention to propose the resolution as a special resolution; and
- (b) the resolution was passed, in the case of a vote on the show of hands, by not less than two-thirds of the persons present at the meeting and entitled to vote in a vote on the show of hands, or, in the case of a vote by ballot, by not less than two-thirds of the votes of the persons present at the meeting and entitled to vote in a vote by ballot; and
- (c) if the resolution relates to the winding up of the Co-operative, it was passed by at least 75% of the votes of all the members of the Co-operative, both in a vote on the show of hands and in a vote by ballot; and

**PLACE OF BUSINESS**

- 5. [1] The Co-operative shall have its main place of business at, and its operation shall be confined, as far as is reasonably possible, to the area of ..... **(place)**, ..... **Province**.
- [2] The co-operative may not establish any branches.

**OBJECTIVES**

- 4. The main object of the Co-operative is to provide financial services to its Members.

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## **MEMBERSHIP**

### **Admission**

6. [1] Membership shall be open to individuals who are residents of any village within the area for which the Co-operative has been established.
- [2] Applications for Membership shall be considered by the Board and shall be subject to the following conditions:
- [a] Proof of property ownership or long term lease (20 years) within the area for which the Co-operative has been established;
- [b] Completion of a Membership Application form; and
- [c] Purchase of a minimum of **one (1)** fully paid-up share in the Co-operative.
- [3] Membership shall commence upon transfer of the share[s] by the Board to the applicant after receipt by the Co-operative of the documents referred to in 6[2] above.

### **Suspension**

7. [1] If a Member is guilty of any misconduct towards the Co-operative, which shall include –
- [a] the failure to pay on due date any amounts owing by the Member to the Co-operative; or
- [b] the contravention by the Member of any provision of this constitution or the failure by the Member to comply with any other obligation agreed to by him or imposed on him by the Co-operative under the Act,
- the Board may, by formal resolution, suspend his/her Membership for a period not exceeding beyond the date of the first annual general meeting subsequent to such suspension. During this period, the suspended Member shall be given an opportunity to justify his/her conduct to the Board.
- [2] At the first annual general meeting subsequent to the suspension of a Member, the Co-operative may by special resolution –
- [a] confirm the suspension of the Member for a further period not exceeding three (3) months, provided that, in the case of a Member suspended by reason of default in terms of 7[3]

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below, such suspension may continue until all the Member's debts to the Co-operative have been settled; or

- [b] if the Member has failed to provide satisfactory justification for his/her actions and has not provided any assurances concerning his/her conduct in the future, expel the Member from the Co-operative.
- [3] If a Member has been declared in default, as set out in the by-laws of the Co-operative, of any obligations in terms of loans advanced to him/her by the Co-operative, he/she shall be suspended from Membership until such time as his/her outstanding loan balance, interest and fines have been paid in full, or until the Board decides to withdraw the default action.
- [4] During the period of suspension, a Member shall not be entitled to obtain loans, to make any further deposits with the Co-operative, to vote at Annual and Special General Meetings nor to hold office in the Co-operative.
- [5] The Co-operative may levy a fine, not exceeding **R1 000,00 (One thousand rand)** against any member for any failure to comply with any provision of, or any obligation imposed by this constitution, the Act or an agreement with the Co-operative.

#### Termination

8. [1] Membership shall cease upon:

- [a] death;
- [b] receipt by the Co-operative of voluntary termination of Membership in writing; or
- [c] termination by the Board of Directors, from the Co-operative;

provided that Membership may not be voluntarily terminated for a period of **one (1)** year from date of commencement.

- [2] Upon termination of Membership, a Member shall be entitled to receive the full amount standing to his credit less the amount of any loans, interest and fines payable. Fixed-term obligations shall be repaid with accrued interest upon termination of membership in terms of (b) or (c) of 8[1] above.
- [3] Termination of Membership shall not relieve the Member of any liability on his/her part to the Co-operative, including liabilities arising from any co-signing arrangement entered into by the Member, unless another person has been found to assume such liability or other arrangements have been made to the satisfaction to the Board.
- [4] Liabilities shall be determined and treated as follows:
  - [a] Upon termination of Membership, any outstanding loan, including interest, fines and levies, shall become due and payable forthwith in accordance with the provisions of the loan agreement signed by the Member; or

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- [b] If Membership ceases through death or if a member becomes disabled, the liability of the Member to the Co-operative shall be determined with reference to the terms and conditions of any insurance or other security held by the Co-operative in respect of its loan portfolio.

#### **Limitation of liability**

9. The liability of a member of the Co-operative by virtue of his or her membership shall be limited to an amount equal to the nominal value of the shares held by him or her in the Co-operative in so far as that amount has not been paid up.

#### **MEETINGS OF MEMBERS**

##### **Annual General Meeting**

10. [1] A Co-operative must hold:
- [a] Its first annual general meeting within **18** months of registration of the Co-operative;
  - [b] Subsequently annual general meetings within **6** months after the end of the preceding financial year.
- [2] The annual general meeting must:
- [a] Appoint an auditor;
  - [b] Approve a report of the Board on the affairs of the Co-operative for the previous financial year;
  - [c] Approve the financial statements and auditor's report where applicable for the previous financial year;
  - [d] Elect Directors; and
  - [e] Decide on the future business of the Co-operative.
- [3] The Minutes, the annual accounts, the report of the Board and a statement of the number of Members at the end of year and any available documents issued pursuant to 10[2] above shall be displayed at the office of the Co-operative at least fourteen (14) days before the Annual General Meeting.

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- [4] Minutes shall be kept by the Secretary of all Meetings of Members, and shall be entered into a Minutes Book, which shall be kept at the registered office of the Co-operative, within two (2) months of the Meeting. The Minutes shall then be submitted, in the case of Minutes of an Annual General Meeting, to the next Annual General Meeting, and, in the case of Minutes of all other General Meetings, to the next General Meeting. Such minutes shall be signed by the Chairperson of the Meeting where they were approved and shall be kept in the Minutes Book, which shall be available for inspection by any Member.

### **Special General Meeting**

11. [1] A Special General Meeting of Members may be convened:
- [a] by decision of the Board;
  - [b] by resolution of the previous General Meeting; or
  - [c] upon request of not less than five (5) members of the Co-operative or not less than twenty percent (20%) of all the Members of the Co-operative, whichever number is the greater.
- [2] Special General Meetings called in order to consider an amendment to this constitution shall be held not later than six (6) weeks after receipt of the written request of the Members.
- [3] Notice of all Special General Meetings shall be given to Members at least 21 days before the date of such a Meeting and shall state the purpose thereof. No business other than that related to this purpose shall be transacted at the meeting.

### **Special resolution**

12. A resolution by a general meeting of the Co-operative shall, constitute a special resolution if -
- [a] the notice by which the general meeting was convened specified particulars of the proposed resolution and stated the intention to propose same as a special resolution; and
  - [b] the resolution has been passed by not less than two thirds of the members present, both in a vote on the show of hands and a vote by ballot.
  - [c] the resolution related to the winding-up of the Co-operative and was passed by at least 75 percent of the votes of all the members of the Co-operative, both in a vote on the show of hands and a vote by ballot.

### **RULES OF PROCEDURE AT GENERAL MEETING**

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**Quorums**

13. [1] A quorum for a general meeting shall be constituted -
- [a] by at least five members, if the number of members of the Co-operative is not more than fifty;
  - [b] by at least one tenth of the members of the Co-operative, if the number of members of the Co-operative is more than fifty but not more than two hundred;
  - [c] by twenty members plus at least one percent of the members of the Co-operative in excess of two hundred, if the number of members of the Co-operative is more than two hundred.
- [2] No item of business shall be transacted at any general meeting unless a quorum of members is present during the time when the meeting is considering that item.
- [3] If within one hour from the time appointed for the meeting a quorum is not present, the meeting -
- [a] if convened by members or in consequence of a petition of members, must be cancelled;
  - [b] if otherwise convened, must be adjourned to the same day in the next week at the same time and place, or if that day is a public holiday, to the next day following which is not a public holiday.
- [4] If the same hall or building is not available for an adjourned meeting it may be held at another venue within convenient distance if members are advised of the change of venue either by notice posted at the original venue or by some other means.
- [5] If a quorum is not present within one hour after the time fixed for an adjourned meeting, the members present, provided they are not less than five in number, shall be deemed to constitute a quorum: Provided that a special resolution may not be passed by such a meeting.

**MANAGEMENT OF THE CO-OPERATIVE****Board of Directors**

14. [1] The Members of a Co-operative will elect a Board who will be responsible for the administration of the Co-operative. The Board shall consist of no fewer than ..... and no more than ..... Members. The following positions will be provided for, and persons shall be elected to them by the Board:
- [a] Chairperson;
  - [b] Vice-chairperson;

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- [c] Treasurer;
- [d] Secretary;
- [e] Director responsible for Internal Audit;
- [f] Director responsible for Credit and Investment;
- [g] Director responsible for Marketing; and
- [h] Director responsible for Security.

- [2] All elected, appointed or co-opted officers and members of the Board and other Committees shall be Members of the Co-operative and, before taking up their duties, shall sign a statement of acceptance of office and affirm that they will implement the provisions of this constitution, carry out their duties faithfully and treat all information submitted by Members in connection with the Co-operative transactions as confidential.
- [3] Each Director will have a specific functional area for which he has to accept responsibility and an alternate member to accept that responsibility in his or her absence.
- [4] The Board may co-opt additional support for any particular Director, should the Board deem this necessary.

#### **Persons not competent to be Director**

- 15. No person shall hold the office of Director if -
  - [a] A person is of unsound mind;
  - [b] A person is an unrehabilitated insolvent;
  - [c] A person who has at any time been convicted (whether in the Republic or elsewhere) of theft, fraud, forgery, perjury, or any offence involving dishonesty in connection with the formation or management of a Co-operative or other corporate entity.

#### **Casual vacancies on the Board**

- 16. The Board will have the right to replace vacancies arising on the Board during a specific term of office by co-opting members. Such appointments will be effective for the remainder of the outstanding term.

#### **Vacation of Office**

- 17. [1] A director shall vacate his office -
  - [a] if he becomes incompetent in terms of clause 16 of this statute;

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- [b] if he absents himself from more than four consecutive ordinary meetings of the board without its leave; or
- [c] upon the expiry of 30 (thirty) days, or such shorter period as may be approved by the co-operative, after he has resigned as a director of the co-operative; or
- [d] if he is relieved of his office: A director may, after due notice, be relieved of his office by resolution of a general meeting before the expiry of his term of office and another qualified person may be elected in his place at that meeting. Nominations for the election of such a director shall be made at the meeting. If that meeting does not fill the vacancy it shall be regarded as a casual vacancy. A director so appointed or elected shall not hold office for a period longer than the unexpired portion of the period of office of the vacating director.

#### **Functions of the Board**

18. [1] The Board shall be responsible for all management and control of the Co-operative. This shall include, without limitation, the following functions:
- [a] Control and monitoring of all activities of the Co-operative;
  - [b] Mobilising the support of the local residents for the Co-operative;
  - [c] Approval of new products;
  - [d] Approval of credit policy;
  - [e] Liaison with local authorities;
  - [f] Liaison with other local community structures;
  - [g] Liaison with neighbouring and other Co-operatives and with any national structure established to promote the interests of financial services co-operatives;
  - [h] Liaison with the Link Bank and other formal financial structures involved in the provision of support services;
  - [i] Liaison with government and other institutions regarding the initiation and implementation of financial services to the local community;
  - [j] Report back to the Members regarding the status and development of the Co-operative.
- [2] The individual Directors of the board as set out in clause 14[1] shall have the powers and duties assigned to them in the by-laws of the Co-operative.

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### **Standing Committees**

19. The Board may appoint standing committees under the control of particular Directors for the following functional responsibilities:
- [a] Audit Committee;
  - [b] Credit and Investment Committee;
  - [c] Technical Committee;
  - [d] Security Committee.

The responsibilities of these committees will be in accordance with the by-laws.

### **Co-operative Administrator**

20. [1] The Co-operative Administrator and any other officer shall be appointed by the Board. They shall be responsible for the day-to-day operations of the Co-operative and shall act in accordance with the provisions of this constitution and by-laws of the Co-operative and the directives given by the Board.
- [2] The main functions of the Co-operative Administrator shall include the following:
- [a] Acceptance of the operational management responsibility of the Co-operative;
  - [b] Responsibility for the day to day operations of the Co-operative;
  - [c] Direct interaction with the Link Bank for the provision of support structures and services;
  - [d] Maintenance of accurate record and accounting systems;
  - [e] Regular reporting to the Board on all operational activities;
  - [f] Safekeeping and maintenance of all the assets of the Co-operative;
  - [g] Maintenance of an appropriate cash float;
  - [h] Being subject to investigations by the Audit Committee;
  - [i] Participation in the evaluation of loan applications;
  - [j] Loan administration;
  - [k] Follow-up on defaults.
- [3] The Co-operative Administrator shall be appointed permanently by the Board and the level of remuneration will be decided and paid, on behalf of the Co-operative, by the Board. The Co-operative Administrator shall not be a Director.
- [4] The Co-operative Administrator must be –

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- [a] A respected and trusted member of the community;
- [b] Able to read and write;
- [c] Able to be trained to perform the operational functions of the Co-operative;
- [d] A Member of the Co-operative.

### Confidentiality

21. Strict confidentiality shall be observed with regard to Members' accounts and transactions by all persons having access to such information. Individual Members' accounts shall be accessible only to Officers of the Co-operative and the Auditors. Members shall be entitled to inspect their own accounts at any time during the business hours of the Co-operative.

### CAPITAL

#### Shareholding

22. [1] The shares issued by the Co-operative must all be of the same class, ranking and nominal value.
- [2] When the co-operative is founded each member must have a minimum of ..... (number of) shares.
- [3] From the time that the co-operative is three years in operation, every member shall be bound to hold a minimum number of shares in the co-operative prescribed by a scale which shall be approved by members in general meeting on the recommendation of the board: Provided that the scale must relate to business done by members with the co-operative. Whenever it appears that a member does not hold the number of shares prescribed by the applicable scale, the board may issue to him without application therefore such number of shares as will make up the insufficiency and 100% of the nominal value of such shares shall immediately become payable upon such issue: Provided that before such issue of shares is made to any member, he shall be afforded an opportunity, of at least 30 (thirty) days, to acquire the requisite number of additional shares from any other member holding shares in excess of the above scale.
- [4] The nominal value of each share shall be R..... (..... Rand) which will be fully paid up on application.

#### Voting rights

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23. [1] At all meetings of the co-operative, each member shall have one vote.
- [2] Any matter for decision by a general meeting shall be decided by means of a vote on a show of hands or by ballot.
- [3] A vote by ballot shall not be held unless it is demanded by at least five members present at the meeting and entitled to vote in a vote by ballot.
- [4] A vote by ballot must be held in such manner as the Chairperson stipulates. Scrutineers must be nominated to determine the result of the vote that must be declared by the Chairperson of the meeting as the resolution of the meeting.
- [5] A declaration by the Chairperson that a resolution has, on a show of hands or by ballot, been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minutes of the proceedings of the meeting, shall be conclusive, proof thereof, without evidence as to the number or proportion of votes recorded for or against such resolution.
- [6] If no objection is raised in terms of the provisions of this constitution against the validity of any vote cast at the meeting, whether on a show of hands or by ballot, every vote cast at the meeting that has not been disallowed shall for all purposes be deemed to be valid.
- [7] In the case of an equality of votes, whether on a show of hands or in a vote by ballot, the Chairperson of the meeting shall have a casting vote in addition to his deliberative vote.
- [8] Every matter submitted to a general meeting for resolution, except for a matter requiring a special resolution, shall be determined by a majority of votes recorded at the meeting.

#### **FUNDING, LIABILITY AND COSTS**

24. [1] The Co-operative shall receive and employ such funds as it may require, including such funds as may be loaned, granted or deposited by its Members.
- [2] All costs incurred in the operations of the Co-operative and financial liabilities, including bad debts and losses arising from the Co-operative's activities shall be chargeable and limited only to the funds and assets of the Co-operative.
- [3] The borrowing of funds by the Co-operative, once authorized thereto by special resolution, shall, be restricted to fully secured overdrafts.
- [4] Members savings shall be in the form of open deposits, fixed deposits and any other instrument issued for that purpose and approved by the Board.
- [5] All costs as may be incurred by third parties in the course of rendering of services to the Co-operative shall be reimbursed from the proceeds of interest received on investments and loans and

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service fees as may determined by the Board.

- [6] The accounts of the Co-operative shall be subject to external and internal audit. The audited accounts shall be submitted annually by the Board to the Members of the Co-operative.

### **EQUITY AND RESERVES**

25. [1] The equity of the Co-operative shall consist of amounts set aside from any surplus as a reserve and share capital. The amount set aside as a reserve shall be available to:
- [a] Meet reserve requirements specified below;
  - [b] Be appropriated by the Board for the establishment of such additional reserves as it may deem necessary.
- [2] The Co-operative shall maintain the following reserves –
- [a] A Indivisible General reserve in terms of section 3(1)(e) of the Act;
  - [b] A General Reserve established with the object of providing working capital and generally of strengthening the financial position of the co-operative, including compensating for any loss suffered by the Co-operative in its operations. The level of this reserve shall not exceed three (3) per cent of the total amount of deposits (being monies deposited in the Co-operative by Members in the form of open or fixed deposit accounts) by the end of the corresponding financial year. The General Reserve shall not be used for the payment of dividends, rebates or any other form of distribution to Members. The General Reserve shall be maintained by means of deductions from the surplus.
  - [c] A Contingency Reserve for the exclusive purpose of meeting costs arising from the liquidation of the Co-operative. The level of such Contingency Reserve shall not exceed five (5) per cent of the capital and borrowing of the Co-operative at the end of the corresponding financial year.
  - [d] The Board may also decide to establish any other Reserve, which it deems necessary. Such Reserve shall be funded from any surplus arising from the operations of the Co-operative during the financial year, and the amount of such reserve shall be determined by the Board.
- [3] At the end of each financial year, ten (10) per cent of the surplus of any financial year prior to charging interest payable shall be credited to the reserves specified above. Should any of the said reserves reach their maximum, the excess shall be transferred to another General Reserves, established by the Board for the purpose generally of strengthening the financial position of the Co-operative, until all shall have reached their maximum. When all reserves have reached their maximum, the above-mentioned appropriation to reserves and any excess in reserves that might arise due to decreases in outstanding loans or capital and borrowing shall be added to the amount of the surplus not yet allocated, which surplus will then be allocated as decided by the Board.

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**LIQUIDITY**

26. The funds of the Co-operative will be invested in the following manner:
- [a] The investment portfolio of the Co-operative will be determined by the total of all investments in the Co-operative as at the last day of the month preceding the month during which the investment decision is made, less any remittances received for payment during which the investment decision is made, less any remittances received for payment during the following month.
  - [b] An amount not exceeding 95% of the investment portfolio will be invested with a commercial bank on fixed term investments in the name of the Co-operative.
  - [c] All other investments in the Co-operative, excluding the cash-float requirements will be invested with a commercial bank on a current or call account in the name of the Co-operative.
  - [d] The cash-float of the Co-operative will be determined weekly based on the expected withdrawals during the week under consideration.

**SURPLUS**

27. [1] Income and expenses incurred by the Co-operative shall be accumulated in revenue and expense accounts. Expenses incurred shall include all forms of interest and expenses on savings deposits by Members and interest in fixed-term obligations. At the end of each financial year, net income shall represent the surplus of the Co-operative for that financial year.
- [2] The surplus resulting from the operations of the co-operative during any financial year, shall be applied by resolution of the annual general meeting for that year: Provided that –
- [a] At least 5% of the surplus shall be set aside in a reserve fund which is indivisible amongst members, and which will be called the Indivisible Reserve.
  - [b] The second appropriation from the surplus shall be the allocations to the General Reserve and Contingency Reserve, and the amounts set aside for these purposes shall not be less than an amount determined by the Board.
  - [c] The third appropriation from the surplus shall be an amount distributed to Members in the form of interest on amounts paid up on shares: Provided that the rate of interest paid shall not exceed a rate equal to the prime lending rate at the time of the Link Bank plus 3%.

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Interest shall be paid only on shares fully paid up. Withdrawal of shares before the annual general meeting shall entail forfeiture of any right to interest on such shares for the preceding period.

- [d] The final appropriation from the surplus shall be an amount distributed to Members in the form of bonuses. The payment of bonuses shall be allocated to Members in accordance with their Patronage Proportion during the preceding financial year.

### **LOANS**

28. [1] Loans granted to Members by the Co-operative shall be made in accordance with the by-laws of the Co-operative as formulated from time to time by the Board.
- [2] All loans will be subject to the provision of acceptable security.
- [3] Officers of a Co-operative or Directors may not be accepted as guarantors or sureties for loans, and may obtain loans only with the approval of the Board.
- [4] All loans granted to Officers of a Co-operative or Directors must be specifically mentioned in the annual report to the Members.

### **SERVICES TO MEMBERS**

29. The Co-operative will provide the following financial services to its Members:
- [a] Shares;
- [b] Open Deposits;
- [c] Fixed Deposits;
- [d] Vouchers for redemption at the Link Bank;
- [d] Internal Transfer facilities;
- [e] Transfer facilities between the Co-operative and the Link Bank;
- [f] Deposits of cash cheques and cheques made out in the name of a Member;
- [g] Loans from its own portfolio;
- [h] Loans from funds mobilized from other institutions;
- [i] Credit evaluation services to other institutions;
- [j] Instalment collections on behalf of other institutions;
- [k] Premium collections on behalf of insurance institutions;
- [l] Remittance received through the Link Bank;
- [l] Any other financial services approved by the Board.

### **ACCOUNTS AND RECORDS**

**Note: To register a Financial Services Co-op, a Co-op must proof membership of either SACCOL (Savings and Credit Co-op League of South Africa Ltd) or SAMAF (South African Micro-Finance Apex Fund). SACCOL and SAMAF a Regulatory Bodies for Financial Services Co-operatives that do banking services.**

### **Banking and Control of Funds**

30. [1] All cash in excess of the cash-float requirements, and cheque deposits by Members, shall be deposited in the name of the Co-operative with the Link Bank.
- [2] Cheques drawn, cash withdrawals or transfers made on behalf of the Co-operative, shall require two signatures from a panel of signatories as approved by the Board. The panel of signatories shall be made up of no more than five (5) Directors and the Co-operative Administrator.
- [3] Cheques payable to the Co-operative shall be endorsed for deposit only to the bank account of the Co-operative with the Link Bank.
- [4] The Board shall be responsible for adequate bonding of all bank signatories and staff Members working for the bank.
- [5] The Co-operative's account shall be compared monthly to bank records and reconciled.

### **Accounts and audits**

31. [1] The Co-operative shall keep all records required by the Act. This shall include such accounting records as are necessary to reflect its state of affairs and business and to explain the transactions and financial position of its business, including –
- [a] records showing its assets and liabilities;
- [b] a register of fixed assets;
- [c] records containing daily entries in sufficient detail of all cash received and paid out, and the matters in respect of which the cash is received or paid out;
- [d] records showing details of all transactions with non-members; and
- [e] statements of an annual stocktaking.
- [2] The member must appoint an auditor at each annual general meeting to hold office until the conclusion of the next Annual General Meeting of the Co-operative. The Co-operative shall at its first and every subsequent annual general meeting appoint a person or persons as auditor of the Co-operative. The person so appointed shall hold office until the conclusion of the next Annual General Meeting held subsequent to his appointment. Any person appointed as an auditor must be a registered as an auditor or be any other person authorized by regulation to the Act to conduct an audit of a co-operative.
- [3] The financial statements, accounts and records shall be subject to periodic and annual audits by the Link Bank representative and internally by the Director responsible for internal auditing.
- [4] Annual financial statements in one of the official languages of the Republic in the form of:
- [a] a Balance Sheet dealing with the assets and liabilities of the Co-operative;

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[b] an Income Statement dealing with the surplus or deficit of the Co-operative; and

[c] any other reports or statements required by the Act,

closed on 31 July of each year, shall be prepared in accordance with standard accounting practice under the responsibility of the Board. The annual financial statements shall fairly reflect the state of affairs of the Co-operative and its business at the end of the relevant financial year and the surplus or deficit of the Co-operative for that financial year.

[5] The Board and the Administrator of the Co-operative shall ensure that an appropriate system of internal control is in place and maintained so that the Co-operative's transactions are recorded correctly in respect of account, amount and period.

[6] The Co-operative Administrator shall prepare a monthly statement of the Co-operative accounts, which shall be presented to the Board.

[7] The Co-operative Administrator shall prepare monthly a list of Members who are one month in arrears on loan instalments and shall submit it to the Board together with the recommended action.

#### **AMENDMENT OF CONSTITUTION**

32. The constitution of the Co-operative may be amended by special resolution only.

#### **LIQUIDATION**

33. In case of liquidation the patronage proportion must be determined for either five years, which preceded the commencement of the winding-up of the Co-operative, or the period for which the Co-operative has existed, whichever period is the shorter.

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**NOTE: This page must be signed by ALL Founder Members and a witness.**

| <u>FULL NAMES AND SURNAMES OF APPLICANTS FOR MEMBERSHIP</u> | <u>SIGNATURES OF APPLICANTS</u> | <u>SIGNATURE OF WITNESS(ES)</u> |
|---|---------------------------------|---------------------------------|
| 1. ....<br>.....  | 1. ....                         | 1. ....                         |
| 2. ....<br>.....  | 2. ....                         | 2. ....                         |
| 3. ....<br>.....  | 3. ....                         | 3. ....                         |
| 4. ....<br>.....  | 4. ....                         | 4. ....                         |
| 5. ....<br>.....  | 5. ....                         | 5. ....                         |
| 6. ....<br>.....  | 6. ....                         | 6. ....                         |
| 7. ....<br>.....  | 7. ....                         | 7. ....                         |
| 8. ....<br>.....  | 8. ....                         | 8. ....                         |
| 9. ....<br>.....  | 9. ....                         | 9. ....                         |
| 10. ....<br>.....   | 10. ....                        | 10. ....                        |
| 11. ....<br>.....   | 11. ....                        | 11. ....                        |
| 12. ....<br>.....   | 12. ....                        | 12. ....                        |

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