



SAINT VINCENT AND THE GRENADINES

ACT NO. 7 OF 2023

I ASSENT

[L.S.]

SUSAN DOUGAN
Governor - General
30th March, 2023.

AN ACT to amend the Co-operative Societies Act 2012, (No. 12 of 2012).

[30th March, 2023.]

THE PARLIAMENT of Saint Vincent and the Grenadines enacts as follows:

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| <p>1. This Act may be cited as the Co-operative Societies (Amendment) Act 2023.</p> <p>2. Section 2 of the Co-operative Societies Act 2012, referred to in this Act as the principal Act, is amended –</p> <p>(a) by repealing the definition of “associate” and inserting the following definition –</p> <p>“associate” means –</p> <p>(a) any co-operative society which holds twenty percent or more of a co-operative society’s shares in accordance with section 99;</p> <p>(b) any co-operative society in which a co-operative society holds twenty percent or more of shares, to which voting rights are attached;</p> | <p>Short title</p> <p>Amendment to section 2 of Co-operative Societies Act 2012, No. 12 of 2012</p> |
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- (c) any company or co-operative society, over which a co-operative society has control;
- (d) any company or co-operative society, of which any of the persons referred to in paragraph (b), is a director, is a manager or has control;
- (e) a member of the Board or committee, an employee of a co-operative society, or a business partner;
- (f) a trust or estate in which that person has a substantial beneficial interest or in respect of which he or she serves as a trustee in a similar capacity;
- (g) a spouse;
- (h) a child, whether born in or out of wedlock, a step-child or an adopted child;
- (i) a parent, including a step-parent or adoptive parent;
- (j) a sibling, including a step-sibling or adoptive sibling; or
- (k) any other relative of that person or of his or her spouse if that relative has the same place of residence of that person,

notwithstanding that at the relevant time, any of the persons in question, not being individuals, have not yet come into existence or have ceased to exist;

- (b) in the definition of “capital base”, by repealing paragraph (a) and inserting the following paragraph –
 - “(a) paid-up capital, being equity shares paid up in cash, and invested as risk capital by members and forming a permanent part of the capital of the co-operative society and which are redeemable only upon transfer to another member in accordance with this Act and the Regulations; and”
- (c) by repealing the definition of “institutional capital” and inserting the following definition –

“institutional capital” means the aggregate of a co-operative society’s –

- (a) statutory reserves and other non-distributable general reserves not held for a specified purpose;
 - (b) earnings retained after distribution of surplus;
 - (c) qualifying shares; and
 - (d) such other funds which may be received by way of non-refundable donations for no specified purpose, which are not available for distribution;
- (d) by repealing the definition of “PEARLS”;
- (e) by repealing the definition of “qualifying shares” and inserting the following definition –
- “qualifying shares” means the mandatory, non-withdrawable and non-refundable minimum shares that form part of the institutional capital of a co-operative society, purchased by an approved applicant to be admitted and to enjoy the full rights and privileges of admission, into membership of a co-operative society;
- (f) by inserting immediately after the definition of “security interest” the following definitions –
- “single man” includes a widower or a man who is divorced or an unmarried man;
- “single woman” includes a widow or a woman who is divorced or an unmarried woman;
- (g) by inserting immediately after the definition of “special resolution” the following definition –
- “spouse” includes a single woman who is living together with a

- single man as his wife for a period not less than five years and a single man who is living together with a single woman as her husband for a period not less than five years;
- Amendment of section 8 of principal Act
3. Section 8 (1) of the principal Act is amended by deleting –
- (a) paragraph (d); and
 - (b) “PEARLS and”
- Amendment of section 13 of principal Act
4. Section 13 (1) (a) of the principal Act is amended –
- (a) in paragraph (iv), by deleting “and” appearing after the semi-colon;
 - (b) in paragraph (v), by inserting after the semi-colon, “and”; and
 - (c) by inserting after paragraph (v) the following paragraph –

“(vi) the minimum value of qualifying shares that may be held by each member;
- Amendment of section 15 of principal Act
5. Section 15 (1) of the principal Act is amended –
- (a) in paragraph (l), by deleting “and” after the semi-colon;
 - (b) in paragraph (m), by deleting the full stop and inserting “; and”; and
 - (c) by inserting after paragraph (m) the following paragraph –

“(n) unless it pays an annual registration renewal fee in accordance with section 16A.”.
- Insertion of section 16A of principal Act
6. After section 16 of the principal Act, the following section is inserted –
- “Annual renewal registration fee
- 16A. (1) A co-operative society shall pay an annual registration renewal fee as the Minister may by regulation prescribe.

(2) The Minister may prescribe different fees in respect of the various co-operative societies.

(3) The annual registration renewal fees paid under this Act shall be paid into the Consolidated Fund.

(4) A co-operative society which fails to comply with any requirement of this section commits an offence and is liable on summary conviction to a fine of one hundred dollars for each day the offence continues.”.

7. Section 53 of the principal Act is amended –

Amendment of
section 53 of
principal Act

- (a) in subsection (4b) by repealing paragraph (b) and inserting the following paragraph –

“(b) is not in good financial standing with a co-operative society or other financial institution;”

- (b) by inserting after subsection (4b) the following subsections –

“(4c) A co-operative society and the Registrar shall undertake ongoing assessment of the fitness and propriety of the management of a co-operative society.

(4d) Where a person involved in the management of a co-operative society is found to no longer be fit and proper in accordance with subsections (4a) and (4b), the Registrar shall remove that person from holding such office.”.

8. Section 59 of the principal Act is amended –

Amendment of
section 59 of
principal Act

- (a) by repealing subsection (3) and inserting the following –

“(3) A person shall not serve on the credit committee of a co-operative society for more than six consecutive years, but thereafter the person will become eligible for appointment after the expiration of one year.”; and

(b) in subsection (9), by deleting the full stop and inserting the following –

“, but shall become eligible for re-election after the expiration of one year.”.

Amendment of section 83 of principal Act
 Amendment of section 95 of principal Act

9. Section 83 (3) of the principal Act is amended by deleting the words “In the case of married persons the” and inserting “The”.

10. Section 95 of the principal Act is amended by repealing subsection (1) and inserting the following subsection –

“(1) A co-operative society may sell equity shares to its members only, which will be redeemable in accordance with this Act and the Regulations, and the shares shall have a *par* value fixed by the bye-laws.”.

Amendment of section 96 of the principal Act

11. Section 96 of the principal Act is amended by repealing subsection (2) and inserting the following subsection –

“(2) A co-operative society shall –

- (a) issue qualifying shares as well as equity shares; and
- (b) maintain a minimum value for equity shares equivalent to five percent of total assets.”.

Amendment of section 116 of principal Act

12. Section 116 (1) of the principal Act is amended by inserting “except qualifying shares” after “shares”.

Amendment of section 119 of principal Act

13. Section 119 of the principal Act is amended by deleting subsection (3) and inserting the following subsection –

“(3) The value of investments referred to in subsection (2) (d), (e), (f), (g), and (i) shall not exceed, in aggregate, twenty-five percent of the capital base of a credit union or such other

percentages as may be prescribed by the Regulations.”.

14. Section 120 of the principal Act is amended by repealing subsection (5) and inserting the following subsection –

Amendment of
section 120 of
principal Act

“(5) A loan shall not be made to a director, committee member or employee or an associate of a director, committee member or employee, if the loan would cause the aggregate amount of loans to the director, committee member or employee or associate of the director, committee member or employee, to exceed twenty percent of the capital base of the credit union.”.

15. Section 124 of the principal Act is amended –

Amendment of
section 124 of
principal Act

(a) by repealing subsections (2), (3) and (4) and inserting the following subsections –

“(2) The statutory reserves required by subsection (1) (b) shall be part of the institutional capital of the co-operative society and may, subject to the approval of the Registrar, be used in the business of the co-operative society, to absorb unforeseen losses, for capital retention, financing of non-earning assets, repairs and maintenance and the avoidance of external borrowing.

(3) A co-operative society shall ensure that its institutional capital is at no stage less than seven percent of its total assets and that its capital base is not less than twelve percent of its total assets or such greater percentages as may be specified by the Registrar from time to time.

(4) If at the end of any financial year, the amount standing to institutional capital before any transfer under this section is less than seven percent of total assets, the co-operative society shall transfer to statutory reserves for the year not less than thirty percent of its surplus, or such other sum as may be required to increase the institutional capital to seven percent of total assets.”

(b) in subsection (6) (b), by deleting “ten percent” and inserting “seven percent”.

(c) in subsection (7), by deleting “ten percent” and inserting “seven percent”.

(d) by inserting after subsection (8) the following subsection –

“(9) The statutory reserves required by subsection (1) (b) may be invested or deposited in the manner permitted in section 119 (2) and shall be identifiable by the Registrar on demand.”

Insertion of section 125A in principal Act

16. After section 125 of the principal Act, the following section is inserted –

“Stabilisation fund and deposit guarantee fund

125A. (1) A credit union shall establish a stabilisation fund and deposit guarantee fund, funded by pooled resources, to assist in insuring members’ deposits against loss and to strengthen consumer confidence in the safety, soundness and viability of participating credit unions.

(2) The investment in the approved stabilisation fund and deposit guarantee fund shall be non-distributable and forms part of the institutional capital of the contributing co-operative societies;

(3) Notwithstanding subsection (2), the funds invested in the stabilisation fund and deposit guarantee may be utilised by a co-operative society with the approval of the Registrar.”

17. Section 128 (2) of the principal Act is amended by repealing paragraph (b) and inserting the following –

Amendment of section 128 of principal Act

“(b) declare, credit or pay a dividend, or make other transfer from surplus, if such declaration, credit, payment or transfer would result in its institutional capital being less than that required under section 124(3); or”

18. Section 199 of the principal Act is amended by inserting the following subsection after subsection (3) –

Amendment of section 199 of principal Act

“(4) A credit union which fails to maintain the liquid assets required by subsection (1) may be placed under receivership under Part X of this Act.”

19. Section 200 of the principal Act is amended by repealing subsection (2), and inserting the following subsection –

Amendment of section 200 of principal Act

“(2) The Registrar may in accordance with any relevant international accounting standards issue guidelines to implement the requirement for adequate loan loss allowance.”

Passed in the House of Assembly this 21st day of March, 2023.

NICOLE HERBERT

Clerk of the House of Assembly.

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