

RESPONSE TO FEEDBACK RECEIVED FROM PUBLIC CONSULTATION ON PROPOSED AMENDMENTS TO THE CO-OPERATIVE SOCIETIES ACT

The Registrar of Co-operative Societies sought public feedback on the proposed amendments to the Co-operative Societies Act ("Act") from 28 April to 26 May 2017. The Registrar would like to thank all who took the time to provide their valuable comments and suggestions.

2. The feedback given has been duly considered, with most of these helping to further shape the legislative amendments. These include the following:

- (a) Remove the earlier proposal to require co-operatives ("co-ops") to seek members' approval to buy and sell properties during the annual general meeting. This is in view that such transactions may be time sensitive. Nevertheless, co-ops should inform their members of such transactions.
- (b) Allow the issuing co-ops to buy back their permanent shares.
- (c) Minutes of each general meeting to be entered in the minute book within 60 days (instead of 30 days as was proposed) from the general meeting.
- (d) The Statement of Accounts to be given to a member upon request within a timeframe to be prescribed in the Co-operative Societies Rules. The number of days will be decided after seeking input from the credit co-ops, instead of 5 days as was proposed.
- (e) Common seal will no longer be mandatory.
- (f) To register as a primary co-op, the minimum required number of individuals (applicants) will be reduced from 10 to 5.
- (g) Allow individual members to hold more than 20% of a co-op's share capital, subject to the Registrar's approval.

3. We would like to share our regulatory considerations in retaining some of the original proposals, while incorporating modifications for others.

4. Registrar's Enhanced Powers. The rationale for enhancing Registrar's powers is to better protect the interests of co-op members or property when the COM is not performing its duties properly, or when there has been misconduct and mismanagement in the administration of a co-op. In addition, enhancing the Registrar's powers to be exercised for extreme circumstances is preferable to imposing stringent front-end controls on all co-ops, which will increase compliance costs for the sector.

5. Format of Annual Report. Some respondents sought clarifications on the format of the annual report [proposed Section 34(1A)]. To ensure members make informed decisions, all co-ops should provide a minimum set of information in the annual reports to their members. Co-ops are still free to provide any additional information to their members. The Registrar will seek inputs from the co-ops when developing the guidelines or template for the Annual Report.

6. Record Keeping Requirement. On the types of records to be kept by co-ops [proposed Section 32(B)], a few respondents felt that the scope may be too wide and it would be onerous to require a co-op to keep “every record or document relating to its constitution, governance, operations, transactions, accounts, financial position or financial affairs”. This feedback will be taken into consideration as we refine the scope of record keeping in the proposed Section 32(B).

7. Younger COM members. On the amendment to lower the minimum age (from 21 to 18) to qualify as a member of the COM, some respondents felt that persons below the age of 21 may not have the relevant knowledge, skills or competencies to contribute to the COM, especially for credit co-op operations. The Registrar would like to clarify that the change is to enable tertiary students to set up and lead their co-ops. Existing co-ops which prefer to be prudent in inducting new COM members may slowly relax their by-laws on the minimum age requirement.

8. Some other suggestions relating to nomination provisions, dividends and surpluses etc. require more discussions with stakeholders. Hence, they will not be incorporated in this round of legislative amendments.

Conclusion

9. Your feedback has helped us better understand the concerns and potential issues with implementation. We appreciate your suggestions to facilitate the implementation of the proposed amendments and to further strengthen the co-op movement. We will further refine the proposed amendments. The Co-operative Societies (Amendment) Bill will be introduced in Parliament in due course.

Registry of Co-operative Societies

Ministry of Culture, Community and Youth (MCCY)

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