



REPUBLIC OF SINGAPORE

# GOVERNMENT GAZETTE

## BILLS SUPPLEMENT

*Published by Authority*

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NO. 50]

MONDAY, NOVEMBER 6

[2017

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First published in the *Government Gazette*, Electronic Edition, on 6 November 2017 at 5 pm.

**Notification No. B 50** — The Co-operative Societies (Amendment) Bill is published for general information. It was introduced in Parliament on 6 November 2017.



# **Co-operative Societies (Amendment) Bill**

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**Bill No. 50/2017.**

*Read the first time on 6 November 2017.*

A BILL

*intituled*

An Act to amend the Co-operative Societies Act (Chapter 62 of the 2009 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

## Short title and commencement

1. This Act is the Co-operative Societies (Amendment) Act 2018 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

### 5 Amendment of section 2

2. Section 2 of the Co-operative Societies Act (called in this Act the principal Act) is amended —

(a) by deleting the word “co-operative” in the definition of “apex organisation” in subsection (1);

10 (b) by inserting, immediately after the definition of “apex organisation” in subsection (1), the following definition:

““Assistant Registrar” means an Assistant Registrar of Co-operative Societies appointed under section 3(1);”;

15 (c) by inserting, immediately after the definition of “auditor” in subsection (1), the following definition:

““authorised person”, in relation to a matter, means a person who is authorised by the Registrar in writing to act on behalf of the Registrar in relation to the matter;”;

20 (d) by inserting, immediately after the words “governing body” in the definition of “committee of management” in subsection (1), the words “(by whatever name called)”;

25 (e) by inserting, immediately after the definition of “deposit” in subsection (1), the following definition:

““Deputy Registrar” means a Deputy Registrar of Co-operative Societies appointed under section 3(1);”;

30 (f) by deleting the definition of “dividend” in subsection (1) and substituting the following definition:

““dividend” means a portion of the net surplus of a society distributed among the members of the

society in proportion to either or both of the following:

- (a) the paid-up share capital held by the members in the society;
  - (b) the subscription capital held by the members in the society;”;
- (g) by inserting, immediately before the definition of “financial service” in subsection (1), the following definition:
- “ “electronic form” means the form of an electronic record as defined in section 2(1) of the Electronic Transactions Act (Cap. 88);”;
- (h) by inserting, immediately after the definition of “financial service” in subsection (1), the following definition:
- “ “hard copy form” means a paper form or similar form capable of being read by a human being without using any other device;”;
- (i) by deleting the definition of “key employee” in subsection (1) and substituting the following definition:
- “ “key employee” means an individual who holds any of the following appointments, or who purports to act in any of the following capacities, whether or not for reward:
    - (a) a chief executive officer (whether called general manager or otherwise);
    - (b) a chief operating officer;
    - (c) a chief financial officer;
    - (d) a chief investment officer;
    - (e) an appointment analogous to any appointment mentioned in paragraph (a), (b), (c) or (d);”;
- (j) by inserting, immediately after the definition of “officer” in subsection (1), the following definition:

““ordinary share” means an ordinary share issued under section 66A;”;

(k) by inserting, immediately after the definition of “patronage refund” in subsection (1), the following definition:

““permanent share” means a permanent share issued under section 66B;”;

(l) by deleting the words “registered society” in the definitions of “primary society” and “secondary society” in subsection (1) and substituting in each case the word “society”;

(m) by inserting, immediately after the definition of “primary society” in subsection (1), the following definition:

““proposed society” means an association of persons seeking registration as a society;”;

(n) by deleting the definition of “Registrar” in subsection (1) and substituting the following definition:

““Registrar” means the Registrar of Co-operative Societies appointed under section 3(1), and includes a Deputy Registrar, an Assistant Registrar, or a public officer appointed under section 3(1), exercising such function, duty or power of the Registrar as is delegated to the Deputy Registrar, Assistant Registrar or public officer (as the case may be) under section 3(2);”;

(o) by deleting the definition of “share” in subsection (1) and substituting the following definition:

““share” means a unit of the share capital or subscription capital of a society;”;

(p) by inserting, immediately after subsection (2), the following subsections:

“(3) For the purposes of this Act, a society is insolvent if it has insufficient assets to cover its liabilities.

(4) In this Act, where there is a reference to a number of clear days between 2 events, that number of days is exclusive of the days on which those 2 events happen.”.

### **Amendment of section 3**

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3. Section 3 of the principal Act is amended —

(a) by deleting subsections (1) and (2) and substituting the following subsections:

“(1) The Minister may appoint a Registrar of Co-operative Societies, one or more Deputy Registrars of Co-operative Societies and Assistant Registrars of Co-operative Societies, and such other public officers as the Minister thinks necessary for the administration of this Act.

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(2) The Registrar of Co-operative Societies may, subject to the provisions of this Act and to any general or special directions of the Minister, delegate any of the Registrar’s functions, duties and powers under this Act to a Deputy Registrar, an Assistant Registrar or a public officer appointed under subsection (1), except the power of delegation conferred by this subsection.”; and

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(b) by deleting the words “and Assistant Registrars” in the section heading and substituting the word “, etc.”.

### **Repeal and re-enactment of sections 4 and 5**

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4. Sections 4 and 5 of the principal Act are repealed and the following sections substituted therefor:

#### **“Characteristics required for registration, etc.**

4.—(1) Subject to the provisions of this Act, a proposed society may be registered as a society if —

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(a) it has as its object the promotion of the economic interests of its members in accordance with co-operative principles;

(b) while it has regard to the economic interests of its members in accordance with essential co-operative principles, it has as its object the promotion of the economic interests of the public generally, or of any section of the public; or

(c) it is established with the object of facilitating the operations of a society to which either or both of paragraphs (a) and (b) apply.

(2) Every society must have —

(a) the organisational and management structure set out in Part V; or

(b) an organisational and management structure providing for both of the following — if the Registrar, when registering that society, considers that it is necessary or desirable for that society, and should be provided for in that society's by-laws:

(i) a governing body to be a board of trustees;

(ii) a committee of management to be a board of directors.

(3) The provisions of Part V apply to a board of directors of a society having an organisational and management structure in subsection (2)(b) as they apply to a committee of management of any other society.

### **Conditions of registration**

5.—(1) A proposed society cannot be registered as a primary society unless it consists of at least 5 persons, each of whom qualifies for membership under section 39(1).

(2) A proposed society cannot be registered as a secondary society unless it consists of 2 or more persons, each being a society or a trade union.”.

### **Amendment of section 6**

**5.** Section 6 of the principal Act is amended —

- (a) by deleting the words “be registered by” in subsection (1) and substituting the word “have”; and
- (b) by deleting paragraphs (a) and (b) of subsection (2) and substituting the following paragraphs: 5

“(a) as part of its name, the word “co-operative” or “cooperative”, or its equivalent in the Malay, Chinese or Tamil language; and

(b) at the end of its name, the word “limited” or its equivalent in the Malay, Chinese or Tamil language.”. 10

### **Amendment of section 7**

**6.** Section 7 of the principal Act is amended by deleting subsection (1) and substituting the following subsection: 15

“(1) Every application for registration —

(a) must be submitted to the Registrar in the prescribed manner together with the prescribed information; and

(b) must be signed by the following (called in this Part the applicants): 20

(i) in the case of an application for registration as a proposed primary society, by at least 5 persons, each of whom qualifies for membership under section 39(1);

(ii) in the case of an application for registration as a proposed secondary society, by at least 2 persons, each of whom is duly authorised in that behalf by a society or a trade union.”. 25

## Amendment of section 9

7. Section 9 of the principal Act is amended —

5 (a) by deleting the words “a society” in subsections (1) and (1B) and substituting in each case the words “a proposed society”;

(b) by deleting the words “the society” wherever they appear in subsections (1)(a), (b) and (c), (1A), (1B)(a), (b), (d), (e) and (f) and (1C)(b) and substituting in each case the words “the proposed society”;

10 (c) by deleting paragraph (c) of subsection (1B) and substituting the following paragraph:

15 “(c) the proposed by-laws of the proposed society are consistent with the criterion in section 39(3A) for membership in a credit society;”;

(d) by deleting the words “any society” in subsection (1C)(a) and substituting the words “any proposed society”;

(e) by deleting subsection (2) and substituting the following subsections:

20 “(2) Despite anything in this section, the Registrar must not register a proposed society if the Registrar is satisfied that —

25 (a) the proposed society is likely to be used for an unlawful purpose or for any purpose prejudicial to public peace, welfare or good order in Singapore; or

(b) it would be contrary to the national security or interest for the proposed society to be registered.

30 (2A) Where the Registrar refuses to register a proposed society, the Registrar must inform the applicants of this fact.”; and

- (f) by deleting the words “shall lie to the Minister within 2 months from” in subsection (3) and substituting the words “may be made to the Minister within 2 months after”.

### **New section 9A**

8. The principal Act is amended by inserting, immediately after section 9, the following section: 5

#### **“Modifying of terms and conditions of registration**

9A.—(1) The Registrar may at any time modify the terms and conditions of registration of a society imposed under section 9(1C). 10

(2) The Registrar must, before modifying the terms and conditions of registration, give to the society concerned —

(a) notice in writing of the Registrar’s intention to do so; and

(b) an opportunity to make written representations, within the time specified in the notice (being at least 14 days after the date of service of the notice), as to why the terms and conditions should not be modified. 15

(3) The Registrar must notify the society in writing of the Registrar’s decision whether to modify the terms and conditions of registration. 20

(4) Where the Registrar decides to modify the terms and conditions of registration, the written notice in subsection (3) must specify a date (at least 14 days after the date of the notice) when the modification of the terms and conditions is to take effect. 25

(5) A society that is aggrieved by the Registrar’s decision to modify the terms and conditions of registration may, within 14 days after the decision or such longer period as the Minister may allow in any particular case, appeal in writing to the Minister, whose decision is final. 30

(6) If a society appeals to the Minister under subsection (5), the decision appealed against does not take effect unless the decision

is confirmed by the Minister, or the appeal is withdrawn or is for any reason dismissed by the Minister.

(7) In this section, “modify”, in relation to the terms and conditions of registration of a society, includes deleting or varying and substituting such a term or condition, and adding a term or condition of registration.”.

### **Amendment of section 11**

**9.** Section 11 of the principal Act is amended —

(a) by deleting the words “and a common seal”; and

(b) by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

“(2) A society may, but need not, have a common seal.”.

### **Amendment of section 13**

**10.** Section 13 of the principal Act is amended by deleting subsection (2) and substituting the following subsection:

“(2) The functions of an apex organisation are as follows:

(a) to give such assistance and advice in the formation, organisation and operation of societies as will enable the societies to comply with the provisions of this Act and the Rules;

(b) to provide, organise and supervise effective centralised services for co-operative education and training, supplies, marketing, banking, transport, accounting, audit, consultancy and such other services as may be necessary for societies;

(c) to promote good governance standards in societies;

(d) to carry out such other functions or duties as may be conferred on the apex organisation by this Act or the Rules.”.

## Amendment of section 16

### 11. Section 16 of the principal Act is amended —

- (a) by deleting the words “The by-laws” in subsection (1) and substituting the words “Subject to subsection (2), the by-laws and any amendment to the by-laws”; and 5
- (b) by deleting subsection (2) and substituting the following subsection:

“(2) An amendment of the by-laws of a society that has any of the following effects does not bind anyone who becomes a member of the society before the registration of that amendment under section 15, unless that member consents in writing to that amendment binding that member: 10

(a) that amendment requires that member —

(i) to take or to subscribe for more shares than the number held by that member immediately before the date of registration of that amendment under section 15; or 15

(ii) to pay upon the shares so held by that member any sum exceeding the amount unpaid upon those shares at that date; 20

(b) that amendment increases (in any other way) the liability of that member at any time to contribute to the share, subscription or loan capital of the society; 25

(c) that amendment will cause or require any shares of that member (being an institutional member) to be converted into permanent shares.”. 30

**Amendment of section 16A**

**12.** Section 16A of the principal Act is amended —

(a) by deleting the words “without the written approval of the Registrar” in subsection (1);

5 (b) by deleting subsection (2) and substituting the following subsection:

10 “(2) A non-credit society that intends to provide any financial service must apply to the Registrar, in such manner as may be prescribed, for the Registrar’s written approval to become a credit society.”;

(c) by deleting subsection (5) and substituting the following subsection:

15 “(5) The Registrar may grant the written approval if the Registrar is satisfied that all of the following requirements will be met upon the conversion of the non-credit society to a credit society:

(a) the primary object of the society is to provide any financial service;

20 (b) the provision of the financial service is in the interests of the members of the society;

25 (c) the by-laws of the society are, or are amended under section 15 to be, consistent with the criterion in section 39(3A) for membership in the society;

(d) there is available sufficient capital for the provision of the financial service by the society;

30 (e) the society is able to meet such minimum financial or prudential requirements, or such other requirements, as may be prescribed, either generally or specifically;

- (f) there are available officers who, having regard to their qualifications, experience, reputation, character, financial integrity and reliability, are capable of —
- (i) directing and managing the provision of the financial service by the society; and
  - (ii) keeping the records and accounts of the society.”;
- (d) by deleting the words “his written approval under subsection (1)” in subsection (6) and substituting the words “the written approval”;
- (e) by deleting subsection (7) and substituting the following subsections:
- “(7) Where the Registrar grants written approval for a non-credit society to become a credit society, the Registrar must —
- (a) notify the society in writing that it is registered as a credit society to provide the financial service specified in the notice, starting on a date specified in the notice; and
  - (b) amend the register of societies to show that the society is registered as a credit society to provide that financial service.
- (7A) A non-credit society that is granted written approval to become a credit society —
- (a) must not provide any new service other than a financial service, starting on such date as the Registrar may determine (being a date that may be different from the date mentioned in subsection (7)(a)); but
  - (b) may continue to provide indefinitely any service (not being a financial service) that

was carried on by the society immediately before that date.”; and

(f) by deleting subsections (8) and (9) and substituting the following subsections:

5                   “(8) A non-credit society that is aggrieved by a decision by the Registrar to refuse written approval for the non-credit society to become a credit society may, within 2 months after the date of the decision, appeal in writing to the Minister, whose decision is final.

10                   (9) Any non-credit society that contravenes subsection (1) or (7A)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for each day or part of a day during which the offence  
15 continues after conviction.”.

### **New sections 16BA and 16BB**

**13.** The principal Act is amended by inserting, immediately after section 16B, the following sections:

20                   **“Conversion from credit society to non-credit society on application**

**16BA.**—(1) A credit society that intends to stop providing every financial service carried on by the society, and does not intend to provide any new financial service, must apply to the Registrar, in such manner as may be prescribed, for the Registrar’s written approval to become a non-credit society.  
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(2) An application under subsection (1) must be accompanied —

(a) by the prescribed application fee (if any); and

30                   (b) by such documents and information as the Registrar requires in relation to the application.

(3) The Registrar may grant the written approval if the Registrar is satisfied that all of the following requirements will

be met upon the conversion of the credit society to a non-credit society:

- (a) the object of the society is to provide any service other than any financial service;
  - (b) the provision of the service mentioned in paragraph (a) is in the interests of the members of the society; 5
  - (c) there is available sufficient capital for the provision of the service mentioned in paragraph (a) by the society;
  - (d) there are available officers who are capable of — 10
    - (i) directing and managing the provision of the service mentioned in paragraph (a) by the society; and
    - (ii) keeping the records and accounts of the society.
- (4) The Registrar must not grant the written approval unless a resolution for the conversion of the credit society to a non-credit society has been passed at a general meeting of the credit society by not less than 75% of the members of the society present and voting. 15
- (5) The Registrar may grant the written approval subject to such terms and conditions as the Registrar thinks fit. 20
- (6) Where the Registrar grants written approval for a credit society to become a non-credit society, the Registrar must notify the society in writing that its registration as a credit society is cancelled, starting on a date specified in the notice. 25
- (7) A credit society that is granted written approval to become a non-credit society —
- (a) must stop doing all of the following things, starting on such date as the Registrar may determine (being a date that may be different from the date mentioned in subsection (6)): 30
    - (i) make any new loan to any person;
    - (ii) allow any new credit to any person;

(iii) receive any new deposit from any person; and

(b) must return, to every person from whom the society had received a deposit in accordance with section 68(2) while the society was a credit society, the deposit made by the person (including any interest accrued on the deposit) within 12 months after the date on which the registration of the society as a credit society is cancelled, or such shorter or longer period as the Registrar may determine in any particular case.

(8) A society that becomes a non-credit society may continue to receive repayments of existing loans made and credit allowed in accordance with section 67 while the society was a credit society.

(9) A credit society that is aggrieved by a decision by the Registrar to refuse written approval for the credit society to become a non-credit society may, within 2 months after the date of the decision, appeal in writing to the Minister, whose decision is final.

(10) Any society that contravenes subsection (7) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for each day or part of a day during which the offence continues after conviction.

### **Modifying of terms and conditions of written approval**

**16BB.**—(1) The Registrar may modify the terms and conditions of a written approval under section 16A(5) or 16BA(3).

(2) The Registrar must, before modifying the terms and conditions of a written approval under section 16A(5) or 16BA(3), give to the society concerned —

(a) notice in writing of the Registrar's intention to do so; and

(b) an opportunity to make written representations, within the time specified in the notice (being at least 14 days

after the date the notice is served on the society), as to why the term or condition should not be modified.

(3) The Registrar must notify the society in writing of the Registrar's decision whether to modify the terms and conditions of a written approval under section 16A(5) or 16BA(3). 5

(4) Where the Registrar decides to modify the terms and conditions of a written approval under section 16A(5) or 16BA(3), the written notice in subsection (3) must specify a date (at least 14 days after the date of the notice) when the modification is to take effect. 10

(5) A society that is aggrieved by the Registrar's decision to modify the terms and conditions of a written approval under section 16A(5) or 16BA(3) may, within 14 days after the decision or such longer period as the Minister may allow in any particular case, appeal in writing to the Minister, whose decision is final. 15

(6) If the society appeals to the Minister under subsection (5), the decision appealed against does not take effect unless the decision is confirmed by the Minister, or the appeal is withdrawn or is for any reason dismissed by the Minister. 20

(7) In this section, "modify", in relation to the terms and conditions of a written approval under section 16A(5) or 16BA(3), includes deleting or varying and substituting such a term or condition, and adding a term or condition of such a written approval." 25

### **Amendment of section 17**

14. Section 17 of the principal Act is amended by deleting subsections (2) and (3) and substituting the following subsections:

"(2) The Registrar will register, as the registered address of a society — 30

(a) the address declared in the application for registration of the society to be the address of the society; or

(b) if the society changes its address, the new address of which notice is given to the Registrar under subsection (3).

5 (3) A society must give the Registrar, and every creditor of the society who is not a member of the society, notice of any change of the address of the society within 30 days after the date of the change.”.

### **Amendment of section 18**

10 **15.** Section 18 of the principal Act is amended by inserting, immediately after subsection (1), the following subsection:

“(1A) Where a society issues permanent shares to its institutional members, the number of permanent shares held by each institutional member must be recorded in the society’s register of shares.”.

### **15 Repeal and re-enactment of section 19**

**16.** Section 19 of the principal Act is repealed and the following section substituted therefor:

#### **“Relevant particulars of officers of society**

20 **19.—**(1) The Registrar may issue a written direction requiring a society to provide the relevant particulars of any officer of that society specified in the direction, whether that officer was appointed or elected before, on or after the date of commencement of section 16 of the Co-operative Societies (Amendment) Act 2018.

25 (2) A society must give the Registrar the relevant particulars of each officer mentioned in the direction under subsection (1) within such period (being not less than 30 days) as that direction may specify.

30 (3) A society must give the Registrar notice of any change to any of the relevant particulars of an officer given under subsection (2) within 30 days after the date of that change.

(4) In this section, “relevant particulars”, in relation to an officer of a society, means —

- (a) the name of the officer;
- (b) the occupation of the officer;
- (c) a residential or business address in Singapore at which —
  - (i) the officer can be located; and 5
  - (ii) the Registrar may correspond with the officer; and
- (d) any other particulars of the officer that the Registrar may, by a written direction, require that society to provide.”. 10

### **Amendment of section 26**

17. Section 26 of the principal Act is amended —

- (a) by deleting subsection (3) and substituting the following subsections:

“(3) Where the committee of management of a society is satisfied that an individual (being a member or a person claiming through a member) lacks capacity to manage the individual’s property and affairs and that it is just and expedient to do so, the society may pay or transfer the individual’s share or interest, or the value of all the moneys due to the individual from the society, to a person whom the committee of management is of the view is the proper party to receive the same on the individual’s behalf. 15 20

(3A) A payment or transfer cannot be made under subsection (3) where the individual lacks capacity to manage the individual’s property and affairs, and — 25

- (a) there is in force a lasting power of attorney conferring on a donee authority to make decisions about the individual’s property and affairs (either generally or for the purposes of this Act); or 30

(b) a deputy is or is deemed appointed to make decisions on the individual’s behalf in relation to the individual’s property and affairs (either generally or for the purposes of this Act).”;

5

(b) by deleting the words “of the deceased member or of the insane member or person claiming through a member” in subsection (4) and substituting the words “of a member mentioned in subsection (1), or of an individual (being a member or a person claiming through a member) mentioned in subsection (3).”;

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(c) by inserting, immediately after subsection (5), the following subsection:

“(6) In this section —

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(a) “deputy”, “donee” and “lasting power of attorney” have the same meanings as in section 2(1) of the Mental Capacity Act (Cap. 177A); and

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(b) an individual lacks capacity in relation to a matter if the individual lacks capacity within the meaning of section 4 of the Mental Capacity Act in relation to that matter.”; and

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(d) by deleting the section heading and substituting the following section heading:

**“Transfer of shares or interest where member dies or lacks capacity”.**

**Repeal of section 31**

**18.** Section 31 of the principal Act is repealed.

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**New sections 32A, 32B and 32C**

**19.** The principal Act is amended by inserting, immediately after section 32, the following sections:

**“Documents, etc., to be in English**

**32A.**—(1) Every document that a society is required to furnish or submit to, or lodge with, the Registrar must be in the English language or, if the document or any part of it is not in the English language, be accompanied by an accurate translation in the English language of that document or part. 5

(2) The committee of management of the society must ensure the accuracy of the translation mentioned in subsection (1).

(3) Where any document or part of a document which a society is required to keep under this Act is not in the English language, the committee of management of the society must — 10

(a) cause an accurate translation in the English language of that document or part (as the case may be) to be made not later than 30 days after the document is made or received by the society; and 15

(b) cause the translation to be kept with that document for so long as that document is required under this Act to be kept by the society.

(4) In this section, “document” includes an account, a book or a record. 20

**Keeping of records and documents, etc.**

**32B.**—(1) Every society must keep or cause to be kept every record or document relating to its constitution, general meetings, membership, accounts, financial position or financial affairs, or the meetings of its committee of management, for a period of at least 5 years after the end of the last financial year to which any matter in that record or document relates. 25

(2) A society may keep any record or document of the society in hard copy form or in electronic form.

(3) A society must ensure that any record or document kept in electronic form is capable of being reproduced in hard copy form. 30

(4) Where a society keeps any record or document in electronic form, the society must take reasonable precautions —

(a) to ensure the proper maintenance of the record or document;

5 (b) to prevent any falsification of the record or document; and

(c) to facilitate the discovery of any falsification of a record or document.

**Duty to inform Registrar of certain developments, etc.**

10 **32C.**—(1) Where a credit society becomes aware of any development or circumstance specified in subsection (2), whether occurring before, on or after the date of commencement of section 19 of the Co-operative Societies (Amendment) Act 2018, the credit society must immediately  
15 inform the Registrar, in the manner specified by the Registrar, of that development or circumstance.

(2) The developments and circumstances mentioned in subsection (1) are as follows:

20 (a) a development or circumstance which is likely to cause the society to become insolvent, to be unable to meet its obligations, to suspend payments to its members or creditors, or to be wound up under section 83, at any time on or after the date of commencement of section 19 of the Co-operative  
25 Societies (Amendment) Act 2018;

(b) a development or circumstance which adversely affects, or is likely to adversely affect, either or both of the following, at any time on or after the date of commencement of section 19 of the Co-operative  
30 Societies (Amendment) Act 2018:

(i) the interests of all or any of the classes of members of the society;

(ii) the reputation of the society;

- (c) the institution or resolution, at any time on or after the date of commencement of section 19 of the Co-operative Societies (Amendment) Act 2018, of any legal proceedings against the society, or against a member of the society in connection with the member’s conduct in any matter relating to the society or its affairs.”. 5

### **New section 33A**

**20.** The principal Act is amended by inserting, immediately after section 33, the following section: 10

#### **“Special audit of societies**

**33A.—**(1) The Registrar or an authorised person may at any time conduct a special audit of a society that may cover one or more of the following matters:

- (a) the governance of the society; 15
- (b) the operations of the society;
- (c) the financial condition of the society;
- (d) the affairs of the society.

(2) The Registrar or authorised person may, for the purpose of conducting the special audit, exercise all or any of the powers in section 77.”. 20

### **Amendment of section 34**

**21.** Section 34 of the principal Act is amended —

- (a) by inserting, immediately after subsection (1), the following subsection: 25

“(1A) The annual report of a society must be prepared in such form and manner, and contain such information, as the Registrar may require.”;

- (b) by deleting the words “shall keep proper accounts and records of its transactions and affairs and” in subsection (2); 30

(c) by inserting, immediately after subsection (2), the following subsection:

“(2A) The society must —

(a) keep such accounting and other records of its transactions and affairs as will sufficiently —

(i) explain the transactions and financial position of the society; and

(ii) enable the preparation from time to time of true and fair financial statements and any documents required to be attached to the financial statements;

(b) cause the records to be kept in such manner as to enable them to be conveniently and properly audited; and

(c) ensure that the financial statements give a true and fair view of the financial position and performance of the society.”;

(d) by deleting subsection (6) and substituting the following subsection:

“(6) The committee of management of a society must cause to be attached, to the audited financial statements of the society, such report (if any), in such form and manner and containing such information, as the Registrar may require.”; and

(e) by deleting the words “financial transactions and the state of affairs” wherever they appear in subsections (7) and (8)(a) and (c) and substituting in each case the words “financial position and performance”.

**Amendment of section 35**

**22.** Section 35 of the principal Act is amended —

- (a) by deleting the words “financial transactions and the state of affairs” in subsection (2)(a) and substituting the words “financial position and performance”; and
- (b) by deleting the word “registered” in subsection (5).

5

**Amendment of section 36**

**23.** Section 36 of the principal Act is amended —

- (a) by deleting subsection (2) and substituting the following subsection:

10

“(2) The committee of management of a credit society must appoint an audit committee —

- (a) which consists of at least 3 individuals (who may but need not be members of the committee of management), each of whom must be independent of the credit society in the manner prescribed; and

15

- (b) with at least one member possessing such qualifications, training or experience as may be prescribed.”;

20

- (b) by deleting the words “within 3 months of” in subsection (3) and substituting the words “within 3 months after”; and

- (c) by deleting the words “balance-sheet and income and expenditure statement” wherever they appear in subsection (4)(a)(v) and substituting in each case the words “financial statements”.

25

**Amendment of section 39**

**24.** Section 39 of the principal Act is amended —

- (a) by deleting paragraphs (a) and (b) of subsection (1) and substituting the following paragraphs:

30

“(a) in the case of an individual, that the individual —

(i) has attained 16 years of age or, if the society is a school co-operative, has attained 12 years of age;

(ii) is a citizen of Singapore or is resident in Singapore; and

(iii) meets such other requirements with regard to residence, employment, profession and other matters as are prescribed by the by-laws of the society; and

(b) in the case of an institution, that it is a society or is a trade union.”; and

(b) by deleting the word “from” in subsection (3C) and substituting the words “on or after”.

#### **Amendment of section 42**

**25.** Section 42 of the principal Act is amended by inserting, immediately after subsection (3), the following subsections:

“(4) Despite subsection (1), where a member lacks capacity to manage the member’s property and affairs —

(a) if the member had created a lasting power of attorney conferring on a donee authority to make decisions about the member’s property and affairs (either generally or for the purposes of this Act), that donee may vote on behalf of the member; or

(b) if a deputy has been, or is deemed to have been, appointed to make decisions on the member’s behalf in relation to the member’s property and affairs (either generally or for the purposes of this Act), that deputy may vote on behalf of the member.

(5) In subsection (4) —

- (a) “deputy”, “donee” and “lasting power of attorney” have the same meanings as in section 2(1) of the Mental Capacity Act (Cap. 177A); and
- (b) a member lacks capacity in relation to a matter if the member lacks capacity within the meaning of section 4 of the Mental Capacity Act in relation to that matter.”.

5

### **New section 42A**

**26.** The principal Act is amended by inserting, immediately after section 42, the following section:

10

#### **“Statement of account**

**42A.**—(1) Every credit society must provide to each member of the society, within 6 months after the close of each financial year, a statement of account (in hard copy form or in electronic form, as the society may determine) containing particulars of each financial transaction between that member and the society in that financial year.

15

(2) In addition, a credit society must, within the prescribed period after receiving a member’s request, provide to the member a statement of account (in hard copy form or in electronic form, as the society may determine) containing particulars of each financial transaction between that member and the society in the 6 months preceding the date of receipt of the member’s request.”.

20

### **Repeal and re-enactment of section 43**

25

**27.** Section 43 of the principal Act is repealed and the following section substituted therefor:

#### **“Restriction on shareholding**

**43.**—(1) Except as provided in subsection (2), a member cannot hold more than 20% of the share capital of a society.

30

(2) A member may hold more than 20% of the share capital of a society, if the Registrar grants written approval for that society to issue more than 20% of its share capital to that member.

(3) This section does not apply to a member that is a society or a trade union.”.

### **Amendment of section 53**

**28.** Section 53 of the principal Act is amended —

(a) by deleting subsection (1) and substituting the following subsections:

“(1) Every society must convene an annual general meeting within 6 months after the end of the society’s financial year or such longer period as the Registrar may allow in a particular case.

(1A) Every society —

(a) must provide in its by-laws for an annual general meeting to be convened in accordance with subsection (1) by its committee of management, and to be held as soon as practicable; and

(b) may also provide in its by-laws for other general meetings.”;

(b) by deleting the words “each member or delegate entitled to attend the meeting” in subsection (2) and substituting the words “each member, and each delegate entitled to attend the general meeting,”; and

(c) by inserting, immediately after subsection (2), the following subsection:

“(3) A copy of each of the following documents must be made available to every member, and to every delegate entitled to attend the general meeting, at least 15 clear days, or such longer period as may be provided for in the society’s by-laws, before the date of the meeting:

- (a) the society’s annual report, audited financial statements and audit report mentioned in section 34(1), including every document required under this Act to be attached to those reports and statements; 5
- (b) such other document as the Registrar thinks necessary and directs to be made available.”.

#### **Amendment of section 54**

**29.** Section 54 of the principal Act is amended by deleting the words “, where necessary,” in paragraph (g). 10

#### **Amendment of section 58**

**30.** Section 58 of the principal Act is amended by deleting subsection (1) and substituting the following subsections:

- “(1) The committee of management of a society must — 15
  - (a) endorse the minutes of each general meeting of the society within 60 days after the date on which that general meeting is held; and
  - (b) after the minutes of any general meeting of the society have been considered and confirmed at an annual general meeting of the society, cause those minutes to be entered in the minute book within 30 days after the date on which that annual general meeting is held. 20
- (1A) The minutes of the general meeting must contain —
  - (a) the number of members and delegates present at the meeting; 25
  - (b) the name of the chairman who presided at the meeting;
  - (c) the time the meeting commenced and ended; and
  - (d) all resolutions and decisions made at the meeting.”.

### Amendment of section 59

31. Section 59 of the principal Act is amended —

5 (a) by deleting the words “members, which number” in subsection (1) and substituting the words “individuals (each of whom need not be a member of the society), and the members of the committee of management”;

10 (b) by deleting the words “be composed of at least a majority of members who shall be” in subsection (1)(b) and substituting the words “comprise at least a majority of individuals who are”;

(c) by deleting the word “persons” in subsection (2) and substituting the word “individuals”;

(d) by deleting subsections (5) and (6) and substituting the following subsections:

15 “(5) For the purposes of this section, a motion for approving an individual’s election, or for nominating an individual for election, must be treated as a motion for the individual’s election.

20 (6) Where the committee of management of a society appoints an individual as a full-time chief executive officer of the society —

(a) all or any of the duties of the secretary or treasurer, or both, may be delegated to the chief executive officer; and

25 (b) where all duties of the secretary or treasurer, or both, are so delegated, then despite subsection (1)(a), the society may operate without electing a secretary or a treasurer, or both.”;

30 (e) by deleting the word “person” in subsection (7) and substituting the word “individual”;

(f) by deleting the word “manager” in subsection (8) and substituting the words “chief executive officer”;

- (g) by deleting the words “a member of the society” in subsection (10) and substituting the words “an individual (who need not be a member of the society)”; and
- (h) by inserting, immediately after subsection (10), the following subsections:

5

“(11) Subject to subsection (1), the by-laws of a society may provide for the committee of management of the society to appoint, at any time and whether or not there is any vacancy in the committee, up to 2 individuals (each of whom need not be a member of the society) to serve in the committee until the next general meeting of the society.

10

(12) Where an individual’s appointment to the committee of management of a society is made under any by-laws mentioned in subsection (11), the appointment must be approved by a majority of all of the existing members of the committee.”.

15

### **New sections 59A and 59B**

**32.** The principal Act is amended by inserting, immediately after section 59, the following sections:

20

#### **“Registrar may appoint individuals to committee of management**

**59A.**—(1) The Registrar may by order in the *Gazette* appoint, at any time and whether or not there is any vacancy in the committee of management of a society, up to 2 individuals (each of whom need not be a member of the society) to serve in the committee until the next general meeting of the society.

25

(2) The Registrar must, before exercising any power under subsection (1) —

(a) give to the committee of management of the society a reasonable opportunity to show cause why the Registrar should not exercise that power; and

30

(b) consider the representations (if any) of the committee of management.

(3) The allowances of an individual appointed under subsection (1) to serve in the committee of management of a society must be paid out of the society's funds.

5 (4) Where the Registrar has exercised the Registrar's power under subsection (1) to appoint an individual to serve in the committee of management of a society, the Registrar may, by order in the *Gazette*, do one or more of the following:

(a) vary or revoke that appointment, on such terms and conditions as the Registrar may specify;

10 (b) further exercise the Registrar's power under subsection (1) to appoint another individual;

(c) add to, vary or revoke any term or condition specified by the Registrar for that appointment.

15 (5) The Registrar must, before exercising any power under subsection (4) —

(a) give the affected individual a reasonable opportunity to show cause why the Registrar should not exercise that power; and

(b) consider the representations (if any) of that individual.

20 (6) A person aggrieved by any order of the Registrar made under subsection (1) or (4) may, within 2 months after the date of publication of that order in the *Gazette*, appeal in writing to the Minister, whose decision is final.

25 (7) Unless the Minister directs otherwise in any particular case —

(a) an appeal under subsection (6) against the Registrar's order does not affect the operation or implementation of the order; and

30 (b) the order must be complied with until it is set aside by the Minister.

(8) No liability shall lie personally against any individual appointed under subsection (1) who, acting in good faith and

with reasonable care, does or omits to do anything in the execution or purported execution of this Act.

### **Officers to be appointed for prescribed societies**

**59B.**—(1) The Rules may require a society or a class of societies —

5

(a) to appoint a chief executive officer (whether called general manager or otherwise);

(b) to appoint a chief operating officer;

(c) to appoint a chief financial officer, or to engage, for the purposes of discharging the functions of a chief financial officer, a person who is chosen by the society and approved by the Registrar in writing; and

10

(d) to appoint a chief investment officer.

(2) The Rules may prescribe the requirements (such as qualifications, training and experience) for appointment to an office in subsection (1)(a), (b), (c) or (d), including different requirements for appointment by different societies and different classes of societies.”.

15

### **Amendment of section 60**

**33.** Section 60 of the principal Act is amended —

20

(a) by deleting the words “No person shall be” in subsections (1) and (4) and substituting in each case the words “An individual is not”;

(b) by deleting the word “, if” in subsection (1);

(c) by deleting paragraphs (a), (b) and (c) of subsection (1) and substituting the following paragraphs:

25

“(a) if he is below —

(i) 12 years of age, in the case of a school co-operative society; or

(ii) 18 years of age, in any other case;

30

(b) except with the Registrar's written approval, if he is not —

(i) a citizen of Singapore; or

(ii) subject to subsection (2), resident in Singapore;

(c) if he is an undischarged bankrupt (whether he was adjudicated bankrupt by a Singapore court or a foreign court having jurisdiction in bankruptcy);”;

(d) by inserting, immediately before the word “he” in subsection (1)(e) and (f), the word “if”;

(e) by deleting paragraph (g) of subsection (1) and substituting the following paragraph:

“(g) except with the Registrar's written approval, if he has previously been removed by the Registrar from the committee of management of any society, or suspended by the Registrar, under section 94(1) or 94A(1).”;

(f) by deleting the word “persons” in subsection (2) and substituting the word “individuals”;

(g) by deleting the words “a person” in subsection (3) and substituting the words “an individual”;

(h) by deleting the words “commencing from” in subsection (3)(a) and (b) and substituting in each case the words “starting on”;

(i) by inserting, immediately after subsection (4), the following subsections:

“(5) Where a society is required by the Rules to appoint a chief executive officer, a chief operating officer, a chief financial officer or a chief investment officer —

- (a) except with the Registrar's written approval, an individual is not eligible to be, or to remain as, the chief executive officer, chief operating officer, chief financial officer or chief investment officer (as the case may be) for the society, if the individual does not satisfy the requirements under section 59B for that office; and 5
- (b) the society does not incur any liability for breach of contract by reason only of terminating the contract of service between the society and the individual on the ground that the individual is not eligible to be, or to remain as, the chief executive officer, chief operating officer, chief financial officer or chief investment officer (as the case may be) for the society. 10 15
- (6) Despite subsection (5), for a period of 3 years starting on the date of commencement of section 33(i) of the Co-operative Societies (Amendment) Act 2018, that subsection does not apply — 20
- (a) to a chief executive officer, chief operating officer, chief financial officer or chief investment officer who — 25
- (i) is appointed before that date by a society; and
- (ii) is holding that office immediately before that date; or
- (b) to a society the chief executive officer, chief operating officer, chief financial officer or chief investment officer of which — 30
- (i) is appointed before that date by the society; and

(ii) is holding that office immediately before that date.

(7) Except with the Registrar’s written approval, an individual is not eligible to be re-elected or co-opted as a member of the committee of management of a credit society, if the individual fails to complete such training, or comply with such other requirements, as may be specified in the Rules within such time as may be specified in the Rules.”; and

(j) by deleting the words “of credit society” in the section heading.

### **Amendment of section 61**

**34.** Section 61 of the principal Act is amended —

(a) by inserting, immediately after the words “for that year” in subsection (2)(e), the words “, and such other documents as the Registrar may direct”; and

(b) by deleting the word “manager” wherever it appears in subsection (4) and substituting in each case the words “chief executive officer”.

### **Amendment of section 62**

**35.** Section 62(4) of the principal Act is amended by deleting the words “Minutes of committee meetings shall be recorded by the secretary in the minute book” and substituting the words “Minutes of every meeting of the committee of management must be recorded by the secretary in the minute book within 60 days after the date on which the meeting is held,”.

### **Amendment of section 63**

**36.** Section 63 of the principal Act is amended —

(a) by deleting subsection (4) and substituting the following subsection:

“(4) An officer or agent of a society must not make improper use of either of the following to gain,

directly or indirectly, an advantage for himself or for any other person, or to cause detriment to the society:

(a) his position as an officer or agent of the society;

(b) any information acquired by virtue of that position.”; and 5

(b) by deleting the word “manager” in subsection (6) and substituting the words “chief executive officer”.

### **Amendment of section 66**

37. Section 66(1) of the principal Act is amended by deleting paragraph (b) and substituting the following paragraphs: 10

“(b) ordinary shares subscribed and paid up by members;

(ba) permanent shares subscribed and paid up by institutional members;”.

### **New sections 66A and 66B**

15

38. The principal Act is amended by inserting, immediately after section 66, the following sections:

#### **“Ordinary shares**

**66A.**—(1) A society may issue ordinary shares.

(2) A member of a society must hold the minimum number of ordinary shares of the society specified in the by-laws of the society. 20

(3) The member may withdraw or transfer the ordinary shares which the member is required to hold under subsection (2) only when the member ceases to be a member of the society. 25

(4) Where a member of a society holds ordinary shares of the society in excess of the minimum number the member is required to hold under subsection (2), the member may withdraw or transfer the excess shares in accordance with this Act and the by-laws of the society. 30

## Permanent shares

**66B.**—(1) A society may issue permanent shares only to an institutional member.

(2) An institutional member of a society must obtain the written approval of the Registrar to be entitled to subscribe, in accordance with the by-laws of the society, for permanent shares issued by the society, if the institutional member is a credit society.

(3) A permanent share issued by a society to an institutional member of the society —

(a) cannot be withdrawn by that institutional member, and cannot be converted to an ordinary share; but

(b) may, with the approval of the committee of management of the society and in accordance with this Act and the by-laws of the society, be transferred by that institutional member to another institutional member of the society.

(4) A society —

(a) may, with the written approval of the Registrar, buy back a permanent share issued by the society under this section; but

(b) cannot be required to buy back that share.

(5) A society that buys back a permanent share issued by the society under this section may —

(a) hold that share;

(b) with the approval of the committee of management of the society and in accordance with this Act and the by-laws of the society, transfer that share to an institutional member of the society; or

(c) cancel that share.”.

### **Amendment of section 68**

**39.** Section 68 of the principal Act is amended by deleting subsection (4) and substituting the following subsections:

“(4) Where the society is a credit society —

- (a) the maximum liability determined under subsection (3)(a) is subject to the Registrar’s approval; and 5
- (b) the Registrar may, at any time, reduce either or both of the maximum liabilities determined under subsection (3)(a) and (b) or impose such conditions (for either or both of those maximum liabilities) as the Registrar thinks necessary. 10

(4A) The Registrar must, before reducing either or both of the maximum liabilities determined under subsection (3)(a) and (b) or imposing any condition, give the credit society concerned — 15

- (a) notice in writing of the Registrar’s intention to do so; and
- (b) an opportunity to make written representations, within the time specified in the notice (being at least 14 days after the date of service of the notice), as to why the Registrar should not reduce the maximum liabilities or impose the condition (as the case may be). 20

(4B) The Registrar must issue the credit society a written notice of the Registrar’s decision whether to reduce either or both of the maximum liabilities determined under subsection (3)(a) and (b) or to impose any condition. 25

(4C) Where the Registrar decides to reduce either or both of the maximum liabilities determined under subsection (3)(a) and (b) or to impose any condition, the written notice in subsection (4B) must specify a date at least 14 days after the date of the notice upon which the Registrar’s decision or condition is to take effect. 30

(4D) A credit society which is aggrieved by the Registrar's decision under subsection (4B) may, within 14 days after the date of the decision or such longer period as the Minister may allow in any particular case, appeal in writing to the Minister, whose decision is final.

(4E) If the credit society appeals to the Minister under subsection (4D), the decision appealed against does not take effect unless the decision is confirmed by the Minister, or the appeal is withdrawn or is for any reason dismissed by the Minister.”.

### **Amendment of section 69**

**40.** Section 69 of the principal Act is amended —

(a) by inserting, immediately after subsection (1), the following subsection:

“(1A) Despite subsection (1), a credit society must invest or deposit its funds in accordance with any restrictions on investment contained in written directions issued by the Registrar.”; and

(b) by inserting, immediately after the words “subsection (1)” in subsection (2), the words “or (1A)”.

### **Amendment of section 71**

**41.** Section 71 of the principal Act is amended —

(a) by inserting, immediately after “5%” in subsection (2)(a), the words “(or such other rate as may be prescribed in substitution)”;

(b) by inserting, immediately after “20%” in subsection (2)(b), the words “(or such other rate as may be prescribed in substitution)”;

(c) by inserting, immediately after subsection (7), the following subsection:

“(8) The Minister may, by order in the *Gazette* and subject to such conditions as the Minister may specify in the order, remit or refund, wholly or in part, any contribution mentioned in subsection (2)(a) or (b) paid or payable by a particular society or a particular class of societies.”.

5

### **Amendment of section 72**

**42.** Section 72 of the principal Act is amended by deleting subsection (2) and substituting the following subsection:

“(2) A society must not pay a dividend on paid-up share capital or subscription capital exceeding —

10

(a) in any case where that society is a credit society that does not meet any prudential requirement contained in written directions issued by the Registrar — a maximum rate specified in written directions issued by the Registrar to that society; or

15

(b) in any other case — a maximum rate prescribed in the Rules.”.

### **Amendment of section 73**

**43.** Section 73 of the principal Act is amended —

20

(a) by inserting, immediately after subsection (1), the following subsection:

“(1A) A society may distribute in the form of a bonus certificate only a part of its net surplus payable under ordinary shares.”;

25

(b) by deleting the words “after 5 years from” in subsection (2) and substituting the words “5 years after”; and

(c) by deleting subsections (3) and (4) and substituting the following subsections:

“(3) Where a society distributes a part of its net surplus payable under ordinary shares in the form of a bonus share —

30

(a) the bonus share is to take the form of an ordinary share; but

(b) a member is entitled to withdraw or transfer a bonus share only 10 years after the date when the bonus share was issued.

5

(4) Where a society distributes a part of its net surplus payable under permanent shares in the form of a bonus share issued to an institutional member —

(a) the bonus share is to take the form of a permanent share; and

10

(b) the bonus share —

(i) cannot be withdrawn by that institutional member, and cannot be converted to an ordinary share; but

15

(ii) may, with the approval of the committee of management of the society and in accordance with this Act and the by-laws of the society, be transferred by that institutional member to another institutional member of the society.

20

(5) Despite subsections (2) and (3), a member of a society who is a foreign worker is eligible to receive from the society the value stated on the member's bonus certificate or bonus share if —

25

(a) the member ceases employment in Singapore for any reason, including the completion of the member's contract of service; and

30

(b) the committee of management of the society is satisfied that the member —

(i) has left or will soon leave Singapore permanently; and

(ii) has no intention to resume employment in Singapore.

(6) In this section —

“foreign worker” means an individual who is employed in Singapore but is neither a citizen nor a permanent resident of Singapore;

“member” includes a person who has resigned as a member.”.

### **Repeal and re-enactment of section 77**

**44.** Section 77 of the principal Act is repealed and the following section substituted therefor:

#### **“Power to inspect materials, etc.**

**77.—(1)** The Registrar or an authorised person may, for any of the purposes of this Act or in discharging the Registrar’s functions or duties under this Act, exercise all or any of the following powers in relation to a society:

(a) at all reasonable times have full and free access to all materials and information belonging or relating to the society;

(b) require the following persons to produce or furnish any relevant thing, in relation to the society, within such time and in such manner as the Registrar or authorised person may specify:

(i) any officer, agent, employee or member of the society;

(ii) any other person whom the Registrar or authorised person reasonably believes has possession or custody of the relevant thing.

(2) The Registrar or an authorised person may, for an enforcement purpose, at all reasonable times and without warrant —

(a) enter and search any of the following premises, if the Registrar reasonably believes that evidence of the commission of an offence under this Act can be found at those premises:

- 5                   (i) any premises of a society;
- (ii) any other premises at which the Registrar reasonably believes that any relevant thing, in relation to the society, is kept or stored; and

10           (b) take any relevant thing, in relation to the society, from those premises, if the Registrar considers it necessary to do so for the purpose of obtaining evidence of an offence under this Act.

15           (3) For the purposes of subsection (2), an authorised person must act under the supervision of the Registrar, unless the authorised person is a public officer.

(4) The Registrar or authorised person may, without payment —

20           (a) inspect, copy or make extracts from any material or information produced or furnished pursuant to a requirement under subsection (1)(b); and

                  (b) retain the material or information for such period as the Registrar or authorised person determines to be necessary.

25           (5) Where any material or information produced or furnished pursuant to a requirement under subsection (1)(b) is kept in electronic form —

30           (a) the power of the Registrar or authorised person under subsection (1)(b) includes the power to require a copy of the material or information to be produced or furnished in legible form; and

                  (b) subsection (4) applies to any copy of the material or information produced or furnished in legible form.

(6) In this section and sections 79, 80 and 81 —

“computer” has the same meaning as in section 2(1) of the Computer Misuse and Cybersecurity Act (Cap. 50A);

“enforcement purpose” means —

(a) ensuring that this Act, and the terms and conditions imposed or specified by the Registrar under this Act, are being complied with; or 5

(b) investigating an offence under this Act, or a contravention of this Act; 10

“material” means any document or record, whether kept in hard copy form or in electronic form, or any computer or other device;

“relevant thing”, in relation to a society, means —

(a) any moneys, securities or other assets belonging or relating to the society; or 15

(b) any material or information —

(i) belonging or relating to the society; or

(ii) relating to any transaction of the society, or the management of the affairs of the society.”. 20

### **Amendment of section 79**

**45.** Section 79 of the principal Act is amended —

(a) by deleting the words “any person authorised by him in writing on his behalf” in subsection (3)(b) and substituting the words “an authorised person”; and 25

(b) by deleting subsection (4) and substituting the following subsections:

5 “(4) For the purposes of an inquiry under subsection (1) or (2), the Registrar or authorised person may by notice in writing require any person, whom the Registrar or authorised person reasonably believes is acquainted with any facts or circumstances concerning any matter in the inquiry, to attend at such place and at such reasonable time as the Registrar or authorised person may specify —

10 (a) to be examined, to answer any question to the best of the person’s knowledge, information and belief, and to provide a signed statement of the matters on which the person is examined containing a declaration by the person of the truth of the statement; and

15 (b) to produce or furnish any material or information in the person’s possession or custody.

20 (4A) The Registrar or authorised person may, without payment —

(a) inspect, copy or make extracts from any material or information produced or furnished pursuant to a requirement under subsection (4); and

25 (b) retain the material or information for such period as the Registrar or authorised person determines to be necessary.

(4B) Where any material or information is kept in electronic form —

30 (a) the power of the Registrar or authorised person under subsection (4)(b) includes the power to require a copy of the material or information to be produced or furnished in legible form; and

(b) subsection (4A) applies to any copy of the material or information produced or furnished in legible form.”.

### **Amendment of section 80**

**46.** Section 80 of the principal Act is amended — 5

(a) by deleting the words “direct any person authorised by him by order in writing on his behalf to examine the books” in subsection (1) and substituting the words “direct an authorised person to examine the materials”;

(b) by deleting paragraph (a) of subsection (1) and substituting the following paragraph: 10

“(a) proves to the Registrar’s satisfaction that an ascertained sum of money is due to the applicant, and that the applicant has demanded payment of that sum and has not received satisfaction within a reasonable time;”;

(c) by deleting the word “books” in subsection (2) and substituting the word “materials”;

(d) by inserting, immediately after subsection (2), the following subsections: 20

“(3) For the purposes of an examination under this section, the Registrar or authorised person may by notice in writing require any person, whom the Registrar or authorised person reasonably believes is acquainted with any facts or circumstances concerning any matter in the examination, to attend at such place and at such reasonable time as the Registrar or authorised person may specify — 25

(a) to be examined, to answer any question to the best of the person's knowledge, information and belief, and to provide a signed statement of the matters on which the person is examined containing a declaration by the person of the truth of the statement; and

(b) to produce or furnish any material or information in the person's possession or custody.

(4) The Registrar or authorised person may, without payment —

(a) inspect, copy or make extracts from any material or information produced or furnished pursuant to a requirement under subsection (3); and

(b) retain the material or information for such period as the Registrar or authorised person determines to be necessary.

(5) Where any material or information is kept in electronic form —

(a) the power of the Registrar or authorised person under subsection (3)(b) includes the power to require a copy of the material or information to be produced or furnished in legible form; and

(b) subsection (4) applies to any copy of the material or information produced or furnished in legible form.”; and

(e) by deleting the section heading and substituting the following section heading:

**“Examination of materials of indebted society on creditor’s application”.**

**Amendment of section 81**

**47.** Section 81 of the principal Act is amended —

(a) by deleting subsection (1) and substituting the following subsection: 5

“(1) Where any findings on the working of a society are made in any audit, special audit or inquiry under this Act, or any inspection or examination under this Act of any material, the Registrar may bring those findings to the notice of — 10

(a) the society; and

(b) if the society is affiliated to a secondary society or an apex organisation, that secondary society or apex organisation.”; 15

(b) by deleting the words “remedy the defects disclosed in the audit, inquiry or examination of books” in subsection (2) and substituting the words “address the findings made in the audit, special audit, inquiry, inspection or examination”; and 20

(c) by deleting the words “defects in” in the section heading and substituting the words “findings on”.

**Amendment of section 82**

**48.** Section 82 of the principal Act is amended —

(a) by inserting, immediately after the word “Where” in subsection (1), the words “a special audit is conducted under section 33A,”; 25

(b) by deleting the words “the members or creditor demanding” in subsection (1) and substituting the words “any applicant for”; and 30

(c) by inserting, immediately after the words “Costs of” in the section heading, the words “special audit,”.

### **Amendment of section 83**

**49.** Section 83 of the principal Act is amended —

(a) by deleting subsection (2) and substituting the following subsection:

5           “(2) The Registrar may, on the Registrar’s own initiative, issue an order directing a society to be wound up, if the Registrar is satisfied that —

(a) the society has ceased working;

(b) the membership of the society is reduced —

10           (i) in the case of a primary society, to less than 5 persons (each of whom qualifies for membership under section 39); or

15           (ii) in the case of a secondary society, to less than 2 persons, each being a society or a trade union;

(c) the society has breached any of its terms and conditions of registration mentioned in section 9(1C)(a) or varied or added under section 9A;

(d) the society has contravened section 16A(1) or 16B(1);

25           (e) the society has (whether before, on or after the date of commencement of section 49(a) of the Co-operative Societies (Amendment) Act 2018) failed, for 2 or more consecutive years, to comply with section 34(1);

30           (f) the society has failed, for 2 or more consecutive years, to comply with section 53(1);

(g) the by-laws of the society are insufficient, or are no longer sufficient, to provide for

the proper administration and management of the society;

- (h) the society is or has been used for an unlawful purpose or for purposes prejudicial to public peace, welfare or good order in Singapore; 5
- (i) it would be contrary to the national security or interest for the society to continue to be registered;
- (j) the society — 10
  - (i) is unable to meet its obligations, is insolvent, or suspends payments to its members or creditors; or
  - (ii) informs the Registrar that it is or is likely to become insolvent, or to be unable to meet its obligations, or that it has suspended or is about to suspend payments to its members or creditors; 15
- (k) the society does not have any officer who is capable of doing both of the following: 20
  - (i) directing and managing the affairs of the society;
  - (ii) keeping the records and accounts of the society; or 25
- (l) it is not in the interests of the members of the society for the society to continue its operations.”;
- (b) by deleting the word “from” in subsection (4) and substituting the word “after”; and 30
- (c) by deleting the words “have elapsed from” in subsection (6) and substituting the word “after”.

## Amendment of section 89

50. Section 89 of the principal Act is amended —

(a) by deleting the words “after 2 months from” in subsection (1) and substituting the words “either 2 months after”;

(b) by deleting the words “from the date” in subsection (1) and substituting the words “starting on the date”;

(c) by deleting the words “when 2 years have elapsed from” in subsection (2) and substituting the words “2 years after”;

(d) by inserting, immediately after subsection (3), the following subsection:

“(3A) Despite subsection (3) —

(a) where the members of a society have approved at a general meeting prior to the winding up of the society that all or any part of the remaining moneys of the society and unclaimed sums (if any) mentioned in that subsection (collectively called the relevant surplus) be applied to one or more charitable purposes or donated to one or more charities; and

(b) the Registrar has approved that the whole or part of the relevant surplus be applied to all or any of those charitable purposes or donated to all or any of those charities (as the case may be),

the whole or part of the relevant surplus approved by the Registrar is not to be transferred to the Co-operative Societies Liquidation Account, but must be applied or donated in accordance with the Registrar’s approval.”;

(e) by deleting subsection (4) and substituting the following subsection:

“(4) Any moneys or sums transferred to the Co-operative Societies Liquidation Account may be utilised for all or any of the following purposes as the Minister may from time to time direct:

- (a) for transfer to the Central Co-operative Fund; 5
- (b) for the costs of engaging a statutory manager or statutory adviser appointed under section 94(1) or 94A(1), including (but not limited to) the remuneration or fee of the statutory manager or statutory adviser, and any disbursements reasonably incurred in the performance of the duties of the statutory manager or statutory adviser; 10
- (c) for the resolution of financial instability in, or an imminent serious threat to the financial stability of, a credit society or a class of credit societies; 15
- (d) for the costs of and in relation to the liquidation of a society in a particular case; 20
- (e) generally for the furtherance of co-operative principles in such manner as the Minister may determine.”; and
- (f) by inserting, immediately after subsection (5), the following subsection: 25

“(6) In this section —

“charitable purpose” means a purpose which is exclusively charitable according to the law of Singapore;

“charity” means a charity as defined in section 2(1) of the Charities Act (Cap. 37), whether or not registered under that Act.”. 30

## Amendment of section 90

**51.** Section 90 of the principal Act is amended —

(a) by deleting subsection (1) and substituting the following subsections:

5                   “(1) The Registrar may, on the Registrar’s own motion, or on the application of the liquidator, or any creditor or member, of a society —

(a) examine the conduct of a person who —

10                   (i) has taken part in the organisation and management of the society, or is a past or present officer of the society; and

(ii) appears, from the course of any relevant proceeding —

15                   (A) to have misapplied, retained or become liable or accountable for any money or property of the society; or

20                   (B) to be guilty of misfeasance or breach of trust in relation to the society; and

(b) make an order requiring that person —

25                   (i) to repay or restore the whole or any part of the money or property, with interest at such rate as the Registrar thinks just; or

30                   (ii) to contribute such sum to the assets of the society by way of compensation for any matter mentioned in paragraph (a)(ii)(A) or (B).

(1A) An order of the Registrar made under subsection (1) is enforceable in the same manner as a judgment of a District Court.”;

- (b) by deleting the word “from” in subsection (4) and substituting the word “after”; and
- (c) by inserting, immediately after subsection (4), the following subsection:

“(5) In this section, “relevant proceeding” means — 5

- (a) an audit of a society held under this Act (including a special audit under section 33A);
- (b) an inquiry held under section 79;
- (c) an examination of materials under 10 section 80; or
- (d) the winding up of a society.”.

### **Amendment of section 93**

**52.** Section 93(3) of the principal Act is amended —

- (a) by deleting the word “financial” wherever it appears in 15 paragraph (b); and
- (b) by deleting the word “or” at the end of paragraph (c), and by inserting immediately thereafter the following paragraphs:

“(ca) with respect to the prudential requirements 20 to be met by a credit society;

(cb) to require a society to engage, for the purposes of preparing the books and accounts of the society in one or more financial years, a person who is chosen by 25 the society and is approved by the Registrar in writing; or”.

### **Repeal and re-enactment of section 93A**

**53.** Section 93A of the principal Act is repealed and the following section substituted therefor: 30

**“Conversion of credit society to non-credit society, etc., on failure to comply with prudential requirements**

5 **93A.**—(1) If, in 2 or more consecutive financial years, a credit society fails to comply with any prudential requirement contained in a written direction issued under section 93(2) within the time specified in that direction, the Registrar may —

10 (a) by a subsequent written direction issued under section 93(2), order the society to stop receiving any new deposits after the expiry of a period specified in that subsequent written direction; and

(b) cancel the registration of the society as a credit society.

(2) Where the registration of a society as a credit society is cancelled under subsection (1) —

(a) the society becomes a non-credit society; and

15 (b) the Registrar must notify the society in writing that its registration as a credit society is cancelled, starting on a date specified in the notice.

(3) A society that becomes a non-credit society under this section —

20 (a) must stop doing any of the following things, starting on such date as the Registrar may determine (being a date that may be different from the date mentioned in subsection (2)(b)):

(i) make any new loan to any person;

25 (ii) allow any new credit to any person;

(iii) receive any new deposit from any person; and

(b) must return, to every person from whom the society had received a deposit in accordance with section 68(2) while the society was a credit society, the deposit made by the person (including any interest accrued on the deposit) within 12 months after the date on which the registration of the society as a credit society is cancelled, or such shorter or longer period as the Registrar may determine in any particular case.

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(4) A society that becomes a non-credit society may continue to receive repayments of existing loans made and credit allowed in accordance with section 67 while the society was a credit society.

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(5) A society that is aggrieved by any decision of the Registrar under subsection (1) may, within 2 months after the date of the Registrar's decision, appeal in writing to the Minister, whose decision is final.

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(6) Any society that contravenes subsection (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for each day or part of a day during which the offence continues after conviction.”.

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### **Repeal and re-enactment of section 94 and new section 94A**

**54.** Section 94 of the principal Act is repealed and the following sections substituted therefor:

#### **“Powers of Registrar where committee of management of society not performing duties properly, etc.**

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**94.—(1)** If the Registrar is satisfied, after due inquiry by a person appointed by the Registrar or for any other reason, that the committee of management of a society, or any member of that committee, is not performing the duties of that committee or member (as the case may be) properly at any time on or after the date of commencement of section 54 of the Co-operative Societies (Amendment) Act 2018, or that there has been any misconduct or mismanagement in the administration of a society

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at any time on or after that date, the Registrar may by order in the *Gazette* do one or more of the following:

- (a) suspend all or any of the activities of the society, for such period as the Registrar may specify;
- 5 (b) in any case where the Registrar is satisfied that the committee of management of the society is not performing its duties properly, or that there has been misconduct or mismanagement in the administration of the society —
  - 10 (i) remove the committee of management of the society; and
  - (ii) order that the affairs and property of the society be managed and administered by a committee of not less than 3 individuals, all of whom are  
15 appointed by the Registrar, on such terms and conditions and for such period as the Registrar may specify;
- (c) in any case where the Registrar is satisfied that the  
20 committee of management of the society is not performing its duties properly, or that there has been misconduct or mismanagement in the administration of the society —
  - (i) remove the committee of management of the society; and
  - 25 (ii) appoint one or more individuals as statutory manager, on such terms and conditions and for such period as the Registrar may specify, to manage and administer the affairs and property of the society;
- 30 (d) remove one or more members of the committee of management of the society;
- (e) appoint one or more individuals as statutory adviser, on such terms and conditions and for such period as the Registrar may specify, to advise the society on the

proper management of such of its affairs and property as the Registrar may determine;

(f) appoint such number of additional individuals to the committee of management of the society as the Registrar considers necessary for the proper management of the society, on such terms and conditions and for such period as the Registrar may specify;

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(g) suspend, for a period not exceeding 24 months, any member of the committee of management of the society.

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(2) Where subsection (1) applies, the Registrar may, in addition to the powers under that subsection, order the society to take such action (including refraining from doing any act) within such period as may be specified in the order, being action which the Registrar considers necessary or desirable —

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(a) to ensure the proper performance of duties by the committee of management or by each member of that committee who has failed to perform that member's duties properly (as the case may be); or

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(b) to remedy the misconduct or mismanagement in the administration of the society.

(3) The Registrar must, before exercising any power under subsection (1) or (2) —

(a) give to the committee of management of the society or the affected member of the committee (as the case may be) a reasonable opportunity to show cause why the Registrar should not exercise that power; and

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(b) consider the representations (if any) of the committee of management or that member (as the case may be).

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(4) The allowances of an individual appointed to a committee of management under subsection (1), and the remuneration or fee of a statutory manager or statutory adviser appointed under that subsection, are to be paid out of the society's funds or borne by

such person (including, in the case of the remuneration or fee of a statutory manager or statutory adviser, the Co-operative Societies Liquidation Account) as the Registrar determines.

5 (5) Subject to the general direction and control of the Registrar, a committee appointed under subsection (1)(b) or statutory manager appointed under subsection (1)(c) for a society has all the duties and powers of the committee of management of the society.

10 (6) The committee appointed under subsection (1)(b), and every statutory manager appointed under subsection (1)(c), must arrange, before the date on which the appointment ends, for the election of a new committee of management in accordance with the by-laws of the society.

15 (7) Where the Registrar appoints 2 or more individuals as statutory manager of a society, the Registrar must specify, in the terms and conditions of the appointment, which of the duties, functions and powers of the statutory manager —

(a) may be discharged or exercised jointly and severally;

(b) must be discharged or exercised jointly; and

20 (c) must be discharged or exercised by one or more specified individuals.

25 (8) Where the Registrar has exercised the Registrar's power under subsection (1) to appoint a statutory manager, a statutory adviser or any other individual, the Registrar may, by order in the *Gazette*, do one or more of the following:

(a) vary or revoke that appointment, on such terms and conditions as the Registrar may specify;

30 (b) further exercise the Registrar's power under subsection (1) to appoint another statutory manager, statutory adviser or individual;

(c) add to, vary or revoke any term or condition specified by the Registrar for that appointment.

(9) The Registrar must, before exercising any power under subsection (8) —

(a) give the affected statutory manager, statutory adviser or individual (as the case may be) a reasonable opportunity to show cause why the Registrar should not exercise that power; and

(b) consider the representations (if any) of that statutory manager, statutory adviser or individual (as the case may be).

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(10) However, subsections (3) and (9) do not apply if the Registrar considers, in the circumstances of a particular case, that it is necessary to immediately exercise a power under subsection (1) or (2) and a power under subsection (8), respectively, in order to protect the interests of the members, or to protect the property, of the society.

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(11) Where pursuant to subsection (10) the Registrar immediately exercises a power under subsection (1), (2) or (8), the committee of management of the society or the affected person (as the case may be) may, within one month after the Registrar makes the order under subsection (1), (2) or (8), apply to the Registrar to review that order.

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(12) The Registrar may, on reviewing an order under subsection (11) —

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(a) confirm the order;

(b) vary the order; or

(c) rescind the order.

(13) A person aggrieved by any order of the Registrar made under subsection (1), (2) or (8), or by any variation of that order under subsection (12), may appeal in writing to the Minister —

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(a) in the case of an order made under subsection (1) after the Registrar complied with subsection (3) — within 2 months after the date of publication of that order in the *Gazette*;

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(b) in the case of an order made under subsection (2) after the Registrar complied with subsection (3) — within 2 months after the date of that order;

(c) in the case of an order made under subsection (8) after the Registrar complied with subsection (9) — within 2 months after the date of publication of that order in the *Gazette*; or

5 (d) in the case of an order made under subsection (1), (2) or (8) when, pursuant to subsection (10), the Registrar immediately exercised the power under subsection (1), (2) or (8) (as the case may be), or in  
10 the case of any variation of that order under subsection (12) — within 2 months after the date on which that order is confirmed or varied (as the case may be) under subsection (12).

(14) The decision of the Minister on an appeal under subsection (13) is final.

15 (15) Unless the Registrar directs otherwise in any particular case —

(a) a review under subsection (11) of the Registrar's order does not affect the operation or implementation of the order; and

20 (b) the order must be complied with until it is rescinded by the Registrar.

(16) Unless the Minister directs otherwise in any particular case —

25 (a) an appeal under subsection (13) against the Registrar's order does not affect the operation or implementation of the order; and

(b) the order must be complied with until it is set aside by the Minister.

30 (17) No liability shall lie personally against any statutory manager, statutory adviser or individual appointed under subsection (1) who, acting in good faith and with reasonable care, does or omits to do anything in the execution or purported execution of this Act.

## **Powers of Registrar to protect interests of members or property of society**

**94A.**—(1) If the Registrar is satisfied, after due inquiry by a person appointed by the Registrar or for any other reason, that it is necessary or desirable to protect the interests of the members, or to protect the property, of a society, the Registrar may by order in the *Gazette* do one or more of the following: 5

- (a) suspend all or any of the activities of the society, for such period as the Registrar may specify;
- (b) remove the committee of management of the society, and appoint one or more individuals as statutory manager, on such terms and conditions and for such period as the Registrar may specify, to manage and administer the affairs and property of the society; 10
- (c) appoint one or more individuals as statutory adviser, on such terms and conditions and for such period as the Registrar may specify, to advise the society on the proper management of such of its affairs and property as the Registrar may determine; 15
- (d) appoint such number of additional individuals to the committee of management of the society as the Registrar considers necessary for the proper administration of the society, on such terms and conditions and for such period as the Registrar may specify; 20 25
- (e) suspend, for a period not exceeding 24 months, any officer or employee of the society, and provide for arrangements during the period of suspension of that officer or employee (such as for the execution of any instrument, or the carrying out of any act, on behalf of that officer or employee); 30
- (f) prohibit the society from parting with the property without the Registrar's approval.

(2) Where subsection (1) applies, the Registrar may, in addition to the powers under that subsection, order the society to take such action (including refraining from doing any act) within such period as may be specified in the order, being action which the Registrar considers necessary or desirable to protect the interests of the members, or to protect the property, of the society.

(3) The Registrar must, before exercising any power under subsection (1) or (2) —

(a) give to the committee of management of the society or the affected officer or employee (as the case may be) a reasonable opportunity to show cause why the Registrar should not exercise that power; and

(b) consider the objections (if any) of the committee of management or that officer or employee (as the case may be).

(4) The allowances of an individual appointed to a committee of management under subsection (1), and the remuneration or fee of a statutory manager or statutory adviser appointed under that subsection, are to be paid out of the society's funds or borne by such person (including, in the case of the remuneration or fee of a statutory manager or statutory adviser, the Co-operative Societies Liquidation Account) as the Registrar determines.

(5) Subject to the general direction and control of the Registrar, a statutory manager appointed under subsection (1)(b) for a society has all the duties and powers of the committee of management of the society.

(6) Every statutory manager appointed under subsection (1)(b) must arrange, before the date on which the appointment ends, for the election of a new committee of management in accordance with the by-laws of the society.

(7) Where the Registrar appoints 2 or more individuals as statutory manager of a society, the Registrar must specify, in the terms and conditions of the appointment, which of the duties, functions and powers of the statutory manager —

(a) may be discharged or exercised jointly and severally;

- (b) must be discharged or exercised jointly; and
- (c) must be discharged or exercised by one or more specified individuals.

(8) Where the Registrar has exercised the Registrar's power under subsection (1) to appoint a statutory manager, a statutory adviser or any other individual, the Registrar may, by order in the *Gazette*, do one or more of the following: 5

- (a) vary or revoke that appointment, on such terms and conditions as the Registrar may specify;
- (b) further exercise the Registrar's power under subsection (1) to appoint another statutory manager, statutory adviser or individual; 10
- (c) add to, vary or revoke any term or condition specified by the Registrar for that appointment.

(9) The Registrar must, before exercising any power under subsection (8) — 15

- (a) give the affected statutory manager, statutory adviser or individual (as the case may be) a reasonable opportunity to show cause why the Registrar should not exercise that power; and 20
- (b) consider the representations (if any) of that statutory manager, statutory adviser or individual (as the case may be).

(10) However, subsections (3) and (9) do not apply if the Registrar considers, in the circumstances of a particular case, that it is necessary to immediately exercise a power under subsection (1) or (2) and a power under subsection (8), respectively, in order to protect the interests of the members, or to protect the property, of the society. 25

(11) Where pursuant to subsection (10) the Registrar immediately exercises a power under subsection (1), (2) or (8), the committee of management of the society or the affected person (as the case may be) may, within one month after the 30

Registrar makes an order under subsection (1), (2) or (8), apply to the Registrar to review that order.

(12) The Registrar may, on reviewing an order under subsection (11) —

- 5           (a) confirm the order;
- (b) vary the order; or
- (c) rescind the order.

(13) A person aggrieved by any order of the Registrar made under subsection (1), (2) or (8), or by any variation of that order under subsection (12), may appeal in writing to the Minister —

- 10           (a) in the case of an order made under subsection (1) after the Registrar complied with subsection (3) — within 2 months after the date of publication of that order in the *Gazette*;
- 15           (b) in the case of an order made under subsection (2) after the Registrar complied with subsection (3) — within 2 months after the date of that order;
- (c) in the case of an order made under subsection (8) after the Registrar complied with subsection (9) — within 20           2 months after the date of publication of that order in the *Gazette*; or
- (d) in the case of an order made under subsection (1), (2) or (8) when, pursuant to subsection (10), the Registrar immediately exercised the power under 25           subsection (1), (2) or (8) (as the case may be), or in the case of any variation of that order under subsection (12) — within 2 months after the date on which that order is confirmed or varied (as the case may be) under subsection (12).

30           (14) The decision of the Minister on an appeal under subsection (13) is final.

(15) Unless the Registrar directs otherwise in any particular case —

(a) a review under subsection (11) of the Registrar’s order does not affect the operation or implementation of the order; and

(b) the order must be complied with until it is rescinded by the Registrar.

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(16) Unless the Minister directs otherwise in any particular case —

(a) an appeal under subsection (13) against the Registrar’s order does not affect the operation or implementation of the order; and

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(b) the order must be complied with until it is set aside by the Minister.

(17) No liability shall lie personally against any statutory manager, statutory adviser or individual appointed under subsection (1) who, acting in good faith and with reasonable care, does or omits to do anything in the execution or purported execution of this Act.”.

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### **Amendment of section 95**

**55.** Section 95(2) of the principal Act is amended —

(a) by deleting the words “books and accounts” in paragraph (b) and substituting the words “books, accounts and other documents”;

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(b) by inserting, immediately after paragraph (c), the following paragraph:

“(ca) the conduct of a special audit of a society;”;

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(c) by inserting, immediately after paragraph (d), the following paragraph:

“(da) the making and collection of contributions to the Central Co-operative Fund and the Singapore Labour Foundation, including the payment of any shortfall in contributions paid, the imposition of a prescribed penalty for late payment of

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contributions, the waiver, refund or remission (whether wholly or in part) of any penalty, and the appointment of agents to collect contributions and late payment penalties;” and

(d) by deleting paragraph (g) and substituting the following paragraph:

“(g) any officer of a society who may be required to undergo such training, or comply with such other requirements, as the Registrar may specify, and any matter relating to such training or such other requirements;”.

#### **Amendment of section 96**

**56.** Section 96 of the principal Act is amended by inserting, immediately after the words “by special order”, the words “in the *Gazette*”.

#### **Amendment of section 97**

**57.** Section 97 of the principal Act is amended —

(a) by inserting, immediately after the words “by general or special order”, the words “in the *Gazette* and subject to such conditions (if any) as the Minister may impose”; and

(b) by deleting the words “with effect from” and substituting the words “starting on”.

#### **Repeal and re-enactment of section 97A**

**58.** Section 97A of the principal Act is repealed and the following section substituted therefor:

##### **“General exemption**

**97A.** Despite anything in this Act, the Minister may, by order in the *Gazette* and subject to such conditions (if any) as the Minister may impose, exempt any person or class of persons from any of the provisions of this Act or the Rules.”.

### **Amendment of section 97B**

**59.** Section 97B(2) of the principal Act is amended by inserting, immediately after the words “make such”, the words “saving, transitional.”.

### **New section 97C**

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**60.** The principal Act is amended by inserting, immediately after section 97B, the following section:

#### **“Power to freeze bank accounts**

**97C.**—(1) Where the Minister is satisfied that it is necessary to prevent the loss or misuse of the funds of a society, the Minister may, by order, direct a financial institution not to do either of the following for a specified period not exceeding 3 months:

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(a) pay any money out of the account of the society;

(b) pay any cheque drawn on the account of the society.

(2) A financial institution that complies with an order of the Minister under subsection (1) is not liable to any other person in respect of a payment prohibited by the order.

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(3) Any financial institution that contravenes an order of the Minister under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000.

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(4) In this section, “financial institution” means —

(a) a bank licensed under the Banking Act (Cap. 19);

(b) a finance company licensed under the Finance Companies Act (Cap. 108); or

(c) a society (other than the society mentioned in subsection (1)) that is a credit society.”.

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### **Amendment of section 98**

**61.** Section 98(1) of the principal Act is amended by deleting the word “registered”.

## Amendment of section 100

62. Section 100(1) of the principal Act is amended —

(a) by inserting, immediately after the words “or any officer or member thereof,” in paragraph (a), the words “or any other person,”;

(b) by inserting, immediately after paragraph (b), the following paragraph:

“(ba) a person (called in this paragraph the provider) provides or furnishes, or causes to be provided or furnished, to the Registrar or a person duly authorised by the Registrar, any return, declaration, document or information that the provider knows, or is reckless as to whether, is false or misleading;”;

(c) by deleting the word “or” at the end of paragraph (f); and

(d) by deleting the full-stop at the end of paragraph (g) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph:

“(h) a person, without reasonable excuse, hinders, delays or obstructs the Registrar, or a person duly authorised by the Registrar, in the exercise of the Registrar’s powers or the discharge of the Registrar’s duties under this Act, or interferes with the exercise or discharge of the Registrar’s powers or duties.”.

## New sections 100AA and 100AB

63. The principal Act is amended by inserting, immediately after section 100A, the following sections:

### “Wilful falsification of book, etc., of society

**100AA.** Any person who does any of the following shall be guilty of an offence and shall be liable on conviction to a fine not

exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both:

- (a) wilfully make, or cause to be made, a false entry in any book, record or other document of a society;
- (b) wilfully omit, or cause to be omitted, an entry in any book, record or other document of a society;
- (c) wilfully remove, conceal or destroy an entry in any book, record or other document of a society;
- (d) wilfully make, or cause to be made, an alteration, to an entry in any book, record or other document of a society, which causes the entry to be false or misleading in a material particular.

### **Unlawful alteration, suppression, etc., of documents**

**100AB.** A person shall be guilty of an offence, and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both, if the person intentionally alters, suppresses, conceals or destroys any document, information or property that the person is required, by or under this Act or the Rules, to produce or furnish to —

- (a) the Minister;
- (b) the Registrar; or
- (c) a person duly authorised by the Minister or Registrar to act on behalf of the Minister or Registrar (as the case may be).”.

### **New section 100BA**

**64.** The principal Act is amended by inserting, immediately after section 100B, the following section:

#### **“False or misleading statement or information to induce person to join society, etc.**

**100BA.** Any member or officer of a society shall be guilty of an offence, and shall be liable on conviction to a fine not

exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both, if that member or officer —

(a) makes or disseminates any statement that is false or misleading in a material particular, with the intention of inducing another person —

(i) to become a member of the society; or

(ii) to enter into any contract, transaction or arrangement with the society for the benefit of the society or its members; and

(b) at the time the statement is made or disseminated, knows that, or is reckless as to whether, the statement is false or misleading in a material particular.”.

### **Amendment of Schedule**

**65.** The Schedule to the principal Act is amended —

(a) by inserting, immediately after item 8, the following item:

“8A. The minimum number of ordinary shares of the society that a member of the society must hold.”; and

(b) by deleting the word “manager” in item 21 and substituting the words “chief executive officer”.

### **Miscellaneous amendments**

**66.** The principal Act is amended —

(a) by deleting the words “on and from” in section 10(1)(a) and substituting the words “starting on”;

(b) by deleting the words “shall lie to the Minister within 2 months of the Registrar informing the society” in section 15(8) and substituting the words “may be made to the Minister within 2 months after the Registrar informs the society of the Registrar’s decision”;

(c) by deleting the words “within 2 months of” in section 16C(3) and substituting the words “within 2 months after”;

- (d) by deleting the words “reckoned from” in section 47(1) and (2) and substituting in each case the word “after”;
- (e) by deleting the words “within one month of” in section 55(3) and substituting the words “within one month after”;
- (f) by deleting the words “within 30 days of” in sections 65A(3), 84(2) and (3) and 91(4) and substituting in each case the words “within 30 days after”; and
- (g) by deleting the words “no appeal shall lie to a civil court from” in section 87 and substituting the words “an appeal cannot be made to a civil court against”.

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### **Saving and transitional provisions**

**67.**—(1) For a period of 3 years starting on the date of commencement of section 23(a), that provision does not apply to an audit committee appointed before that date by the committee of management of a credit society, and section 36(2) of the principal Act as in force immediately before that date continues to apply to such an audit committee during that period.

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(2) Despite section 35, section 62(4) of the principal Act as in force immediately before the date of commencement of section 35 continues to apply to the minutes of a meeting of a committee of management that is held before that date.

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(3) Despite section 54, section 94 of the principal Act as in force immediately before the date of commencement of section 54 continues to apply to the committee of management of a society in respect of the performance of its duties before that date.

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(4) For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by rules, prescribe such additional provisions of a saving or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient.

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## EXPLANATORY STATEMENT

This Bill seeks to amend the Co-operative Societies Act (Cap. 62) mainly for the following purposes:

- (a) to raise the governance standards applicable to every co-operative society registered under the Act (society);
- (b) to facilitate the operations of societies;
- (c) to enhance the administrative and regulatory powers of the Registrar of Co-operative Societies (Registrar) under the Act.

Clause 1 relates to the short title and commencement.

Clause 2(a) to (o) amends section 2(1) —

- (a) to refine the definitions of “apex organisation”, “committee of management”, “primary society” and “secondary society”;
- (b) to introduce new definitions for “Assistant Registrar”, “authorised person”, “Deputy Registrar”, “electronic form”, “hard copy form”, “ordinary share”, “permanent share” and “proposed society”, to support certain amendments in the Bill; and
- (c) to replace the definitions of “dividend”, “key employee”, “Registrar”, and “share” to reflect certain changes in concept.

Clause 2(p) inserts new section 2(3) and (4) —

- (a) to define when a society is “insolvent”; and
- (b) to explain how a reference to “clear days” is to be interpreted.

Clause 3(a) replaces section 3(1) and (2) —

- (a) to enable the Minister to appoint one or more Deputy Registrars of Co-operative Societies, in addition to appointing the Registrar, one or more Assistant Registrars of Co-operative Societies, and such other officers as the Minister thinks necessary for the administration of the Act;
- (b) to clarify that the other officers that the Minister may appoint for the administration of the Act are public officers;
- (c) to enable the Registrar to delegate the Registrar’s functions, duties and powers under the Act (except the power of delegation) to a Deputy Registrar, an Assistant Registrar or a public officer appointed by the Minister under the new section 3(1); and
- (d) to remove the existing provision for the Registrar to delegate the Registrar’s functions to a co-operative officer (who would be an officer of an apex organisation and not a public officer).

Clause 3(b) makes an amendment to the section heading of section 3 that is consequential to the changes made by clause 3(a).

Clause 4 repeals and re-enacts sections 4 and 5 to restate the matters in those sections.

The new section 4 sets out —

- (a) the characteristics that a proposed society must have in order to be registered as a society; and
- (b) the organisational and management structure that a co-operative society registered under the Act (society) must have.

The new section 5 sets out the conditions that a proposed society must satisfy in order to be registered as a primary society or a secondary society. A proposed society must consist of at least 5 persons, each of whom qualifies for membership under section 39(1), in order to be registered as a primary society. A proposed society must consist of 2 or more persons, each being a society or a trade union, in order to be registered as a secondary society.

Clause 5 amends section 6 —

- (a) to clarify that a society continues to be prohibited from having a name that has any characteristic mentioned in section 6(1)(a) to (d) after the society is registered;
- (b) to enable a society to choose whether to use the hyphenated word “co-operative” or the word “cooperative” as part of the society’s name; and
- (c) to clarify that the requirements for the name of a society in section 6(2)(a) and (b) are satisfied as long as the equivalents of the words “co-operative” (or “cooperative”) and “limited” in the Malay, Chinese or Tamil language (and not necessarily in all 3 of those languages) appear in the name of the society.

Clause 6 replaces section 7(1) —

- (a) to restate who is to sign an application for the registration of a proposed primary society or proposed secondary society; and
- (b) to clarify that the references in Part II to “applicants” are references to the signatories of an application for registration, and not references to the proposed primary society or proposed secondary society in respect of which the application for registration is made.

Clause 7(a) to (d) replaces certain references to “society” in section 9(1), (1A), (1B) and (1C)(a) and (b) with references to “proposed society”, as those references are meant to be references to a proposed society in respect of which an application

for registration has been made, and not references to a co-operative society registered under the Act.

Clause 7(c) also replaces section 9(1B)(c) to clarify that the criterion mentioned in that provision is the criterion in section 39(3A) for membership in a credit society.

Clause 7(e) replaces section 7(2) with new section 7(2) and (2A).

The new section 7(2) prohibits the Registrar from registering a proposed society if the Registrar is satisfied that —

- (a) the proposed society is likely to be used for an unlawful purpose or for any purpose prejudicial to public peace, welfare or good order in Singapore; or
- (b) it would be contrary to the national security or interest for the proposed society to be registered.

The new section 7(2A) is a re-enactment of the existing section 7(2), but with the following changes:

- (a) the reference to “society” in the existing section 7(2) is replaced with a reference to “proposed society”, as it is meant to be a reference to a proposed society in respect of which an application for registration has been made, and not a reference to a co-operative society registered under the Act;
- (b) a clarification is made that if the Registrar refuses to register a proposed society, the Registrar must inform the applicants of the fact that the Registrar refuses to register the proposed society.

Clause 7(f) amends section 7(3) to clarify that an appeal against a refusal of the Registrar to register a proposed society may be made to the Minister within 2 months after the date of the refusal.

Clause 8 inserts a new section 9A —

- (a) to empower the Registrar to modify the terms and conditions of registration of a society imposed by the Registrar under section 9(1C); and
- (b) to provide for related matters.

Clause 9 amends section 11 to permit, but not require, a society to have a common seal.

Clause 10 replaces section 13(2) —

- (a) to clarify that the matters stated in section 13(2) are functions of an apex organisation;

- (b) to extend the types of centralised services to be provided, organised and supervised by an apex organisation to include consultancy; and
- (c) to make it a function of an apex organisation to promote good governance standards in societies.

Clause 11(a) amends section 16(1) so that the by-laws, and any amendment to the by-laws, of a society, when registered, will bind the society and its members, except to the extent set out in the new section 16(2) (to be inserted by clause 11(b)).

Clause 11(b) replaces section 16(2) so that an amendment to the by-laws of a society that has any of certain effects does not bind anyone who becomes a member of the society before the registration of that amendment under section 15, unless that member consents in writing to that amendment binding that member.

Clause 12 amends section 16A —

- (a) to prohibit a non-credit society from providing any financial service;
- (b) to require a non-credit society that intends to provide any financial service to apply to the Registrar for written approval to become a credit society;
- (c) to specify the requirements for, and the things that follow from, the conversion of a non-credit society to a credit society; and
- (d) to provide for related matters.

Clause 13 inserts new sections 16BA and 16BB.

The new section 16BA —

- (a) requires a credit society that intends to stop providing every financial service carried on by that society, and does not intend to provide any new financial service, to apply to the Registrar for written approval to become a non-credit society;
- (b) specifies the requirements for, and the things that follow from, the conversion of a credit society to a non-credit society; and
- (c) provides for related matters.

The new section 16BB —

- (a) empowers the Registrar to modify the terms and conditions of a written approval under the new section 16A(5) (to be inserted by clause 12(c)) for a non-credit society to become a credit society, or of a written approval under the new section 16BA(3) for a credit society to become a non-credit society; and
- (b) provides for related matters.

Clause 14 replaces section 17(2) and (3) —

- (a) to restate what the Registrar will register as the registered address of a society; and
- (b) to require a society that changes its address to give the Registrar, and every creditor of the society who is not a member of the society, notice of that change within 30 days after the date of that change.

Clause 15 inserts a new section 18(1A) to require the number of permanent shares of a society held by each institutional member of the society to be recorded in the society's register of shares.

Clause 16 replaces section 19 to restate the law relating to the provision of the particulars of officers of societies. The new section 19 —

- (a) empowers the Registrar to specify, by a written direction, the officers of a society whose relevant particulars are to be provided to the Registrar;
- (b) specifies what constitutes those relevant particulars; and
- (c) requires a society to provide the Registrar the relevant particulars of a specified officer, or to give the Registrar notice of any change to any of those relevant particulars.

Clause 17 amends section 26 to restate the law relating to how a society is to deal with an individual's share or interest in the society, or with the moneys due to an individual from the society, where the committee of management of the society is satisfied that the individual (being a member of the society, or a person claiming through a member of the society) lacks capacity (within the meaning of section 4 of the Mental Capacity Act (Cap. 177A)) to manage the individual's property and affairs.

Clause 18 repeals section 31, as the matters under that section will be dealt with by the new section 77 (to be inserted by clause 44).

Clause 19 inserts new sections 32A, 32B and 32C.

The new section 32A requires every document that a society is required to furnish or submit to, or lodge with, the Registrar to be in the English language or, if that document or any part of it is not in the English language, to be accompanied by an accurate translation in the English language of that document or part.

The new section 32B requires a society to keep, or cause to be kept, every record or document relating to its constitution, general meetings, membership, accounts, financial position or financial affairs, or the meetings of its committee of management, for at least 5 years after the end of the last financial year to which any matter in that record or document relates.

The new section 32C requires a credit society that becomes aware of any development or circumstance mentioned in the new section 32C(2) to immediately inform the Registrar of that development or circumstance.

Clause 20 inserts a new section 33A to enable the Registrar or an authorised person —

- (a) to conduct a special audit of a society that may cover the governance, operations, financial condition and affairs of the society (or any of those matters); and
- (b) to exercise all or any of the powers in the new section 77 (to be inserted by clause 44) when conducting a special audit.

Clause 21 amends section 34 —

- (a) to specify how the annual report of a society is to be prepared; and
- (b) to specify how a society is to keep accounting and other records of its transactions and affairs, and to prepare its financial statements.

Clause 22(a) amends section 35(2)(a) to provide for an auditor to report whether the financial statements of a society give a true and fair view of the financial position and performance (instead of the financial transactions and state of affairs) of the society.

Clause 22(b) removes a redundant reference to “registered” from section 35(5).

Clause 23(a) replaces section 36(2) to restate the composition of an audit committee of a society.

Clause 23(b) amends section 36(3) to clarify that the appointment mentioned in that provision is to be made within 3 months after the event mentioned in that provision.

Clause 23(c) amends section 36(4)(a)(v) to extend the functions of an audit committee to include the review of —

- (a) the financial statements (and not just the balance sheet and income and expenditure statement) of a credit society; and
- (b) if the credit society is a parent society, the consolidated financial statements (and not just the consolidated balance sheet and income and expenditure statement) submitted by the society.

Clause 24(a) replaces section 39(1)(a) and (b) to restate the qualifications for membership in a primary society.

Clause 24(b) amends section 39(3C) to clarify that the existing reference in that provision to “from that date” is a reference to “on or after that date”.

Clause 25 inserts new section 42(4) and (5) to clarify how voting in the affairs of a society is to be carried out on behalf of a member of the society who lacks

capacity (within the meaning of section 4 of the Mental Capacity Act) to manage the member's property and affairs.

Clause 26 inserts a new section 42A to require a credit society —

- (a) to provide each member of the society, within 6 months after the close of each financial year, a statement of account containing particulars of each financial transaction between that member and the society in that financial year; and
- (b) to provide a member of the society, within the prescribed period after receiving the member's request, a statement of account containing particulars of each financial transaction between that member and the society in the 6 months preceding the date of receipt of that request.

Clause 27 replaces section 43 to enable a member to hold more than 20% of the share capital of a society, if the Registrar grants written approval for that society to issue more than 20% of its share capital to that member. If a society does not have any such written approval, a member cannot hold more than 20% of the share capital of that society.

Clause 28(a) replaces section 53(1) and inserts a new section 53(1A) —

- (a) to require every society —
  - (i) to convene an annual general meeting within 6 months after the end of the society's financial year (or such longer period as the Registrar may allow in a particular case); and
  - (ii) to provide in its by-laws for an annual general meeting to be so convened by its committee of management, and to be held as soon as practicable; and
- (b) to allow a society to provide in its by-laws for other general meetings.

Clause 29 amends section 54(g) to clarify that it is a function of the annual general meeting of a society, in every case, to appoint the auditors of the society.

Clause 30 replaces section 58(1) and inserts a new section 58(1A) —

- (a) to specify the times within which the committee of management of a society must —
  - (i) endorse the minutes of each general meeting of the society; and
  - (ii) cause those minutes to be entered in the minute book of the society; and
- (b) to specify the contents of the minutes of the general meeting.

Clause 31(a), (b) and (g) amends section 59(1) and (10) to enable the committee of management of a society to consist of individuals who need not be members of the society.

Clause 31(c), (d) and (e) amends section 59(2), (5), (6) and (7) to replace references to a person with references to an individual.

Clause 31(d) and (f) also amends section 59(6) and (8) to replace the existing references to the manager of a society with references to the chief executive officer of the society, as a consequence of the amendment of section 61(4) (by clause 34(b)) to change the title of the individual appointed to administer and manage the affairs of the society from “manager” to “chief executive officer”.

Clause 31(h) inserts new section 59(11) and (12) to enable the committee of management of a society to appoint up to 2 individuals to serve in the committee until the next general meeting of the society, if the by-laws of the society provide for this.

Clause 32 inserts new sections 59A and 59B.

The new section 59A enables the Registrar to appoint up to 2 individuals to serve in the committee of management of a society until the next general meeting of the society, and to provide for related matters.

The new section 59B enables rules made under section 95 —

- (a) to provide for a society or class of societies —
  - (i) to appoint a chief executive officer, a chief operating officer and a chief investment officer; and
  - (ii) to appoint a chief financial officer, or to engage a person chosen by the society, and approved by the Registrar in writing, to discharge the functions of a chief financial officer; and
- (b) to prescribe the requirements (such as qualifications, training and experience) for appointment as a chief executive officer, chief operating officer, chief financial officer or chief investment officer, including different requirements for appointment by different societies and different classes of societies.

Clause 33(a), (f) and (g) amends section 60(1), (2), (3) and (4) to replace the references in those provisions to “person” and “persons” with references to “individual” and “individuals”, respectively, as those are meant to be references to human beings and not to a “person” as defined in section 2(1) of the Interpretation Act (Cap. 1).

Clause 33(b) and (d) facilitates the restructuring of section 60(1).

Clause 33(c) —

(a) replaces section 60(1)(a) —

- (i) to specify 12 years of age as the minimum age for eligibility for membership of the committee of management of a school co-operative society; and
- (ii) to reduce the minimum age for eligibility for membership of the committee of management of a society (other than a school co-operative society), or for being a key employee of a credit society, from 21 years of age to 18 years of age;

(b) restructures section 60(1)(b), and clarifies that the Registrar’s approval in section 60(1)(b) takes the form of written approval; and

(c) replaces section 60(1)(c) to clarify that the reference in that provision to an undischarged bankrupt includes both an individual who was adjudicated bankrupt by a Singapore court and an individual who was adjudicated bankrupt by a foreign court having jurisdiction in bankruptcy.

Clause 33(e) replaces section 60(1)(g) to make an individual ineligible for membership (or to remain a member) of the committee of management of a society, or to be (or remain) a key employee of a credit society, except with the Registrar’s written approval, if the individual has previously been removed by the Registrar from the committee of management of any society, or suspended by the Registrar, under the new section 94(1) or 94A(1) (to be inserted by clause 54).

Clause 33(h) clarifies section 60(3)(a) and (b) by replacing the references to “commencing from” in those provisions with references to “starting on”.

Clause 33(i) inserts new section 60(5), (6) and (7) —

- (a) to provide that where a society is required by rules made under section 95 to appoint a chief executive officer, chief operating officer, chief financial officer or chief investment officer, except with the Registrar’s written approval, an individual is not eligible to be, or to remain as, the holder of any such office in that society if the individual does not satisfy the requirements under the new section 59B (to be prescribed in Rules) for that office;
- (b) to provide for transitional arrangements for an existing chief executive officer, chief operating officer, chief financial officer or chief investment officer of a society; and
- (c) to provide that except with the Registrar’s written approval, an individual is not eligible to be re-elected or co-opted as a member of the committee of management of a credit society, if the individual fails to complete such training, or comply with such other requirements, as

may be specified in rules made under section 95 within the time specified in those rules.

Clause 34(a) amends section 61(2)(e) to make it a function of the committee of management of a society to present to the annual general meeting of the society such documents (other than those already mentioned in that provision) as the Registrar may direct.

Clause 34(b) amends section 61(4) to change the title of the individual appointed by the committee of management of a society to administer and manage the affairs of the society from “manager” to “chief executive officer”.

Clause 35 amends section 62(4) to require the minutes of every meeting of the committee of management to be recorded by the secretary in the minute book within 60 days after the date on which the meeting is held.

Clause 36(a) replaces section 63(4) to prevent an officer or agent of a society from making improper use of his position as such, or of any information acquired by virtue of that position, to gain an advantage, or to cause detriment to the society.

Clause 36(b) makes an amendment to section 63(6) that is consequential to the amendment of section 61(4) by clause 34(b).

Clause 37 replaces section 66(1)(b), and inserts a new section 66(1)(ba), to enable a society to issue the following 2 classes of shares:

- (a) ordinary shares subscribed and paid up by members;
- (b) permanent shares subscribed and paid up by institutional members.

Clause 38 inserts new sections 66A and 66B.

The new section 66A provides for the issue of ordinary shares by a society, and for matters relating to the holding, withdrawal and transfer of such shares.

The new section 66B provides for the issue of permanent shares by a society to an institutional member, and for matters relating to the holding, transfer, buying back and cancellation of such shares. A permanent share cannot be withdrawn by an institutional member, and cannot be converted to an ordinary share.

Clause 39 replaces section 68(4), and inserts new section 68(4A) to (4E), to provide for matters relating to the regulation, by the Registrar, of —

- (a) the maximum liability that a credit society may incur in loans from non-members; and
- (b) the maximum liability that a credit society may incur in loans or deposits from its members and their immediate family members.

Clause 40 inserts new section 69(1A), and makes a consequential amendment to section 69(2), to enable a credit society to invest or deposit its funds in accordance

with any restrictions on investment contained in written directions issued by the Registrar.

Clause 41 amends section 71(2)(a) and (b), and inserts new section 71(8), to enable the Minister to do the following things:

- (a) make rules under section 95 —
  - (i) to vary the rate at which a society contributes the first \$500,000 of its surplus resulting from its operations during the preceding financial year to the Central Co-operative Fund; and
  - (ii) to vary the rate at which a society contributes any surplus in excess of \$500,000 from its operations during the preceding financial year either to the Central Co-operative Fund or to the Singapore Labour Foundation (at the society's option);
- (b) by order in the *Gazette*, remit or refund, wholly or in part, any such contribution paid or payable by a particular society or a particular class of societies.

Clause 42 replaces section 72(2) to prohibit a society from paying a dividend, on paid-up share capital or subscription capital, exceeding —

- (a) if the society is a credit society that does not meet any prudential requirement contained in written directions issued by the Registrar — a maximum rate specified in written directions issued by the Registrar to that society; and
- (b) in any other case — a maximum rate prescribed in rules made under section 95.

Clause 43 amends section 73(2), replaces section 73(3) and (4), and inserts new section 73(1A), (5) and (6) —

- (a) to restrict a society's distribution in the form of a bonus certificate to only a part of the society's net surplus that is payable under ordinary shares;
- (b) to clarify that a member holding a bonus certificate is only entitled to claim payment out of the society's funds 5 years after the date the bonus certificate was issued;
- (c) to provide that where a society distributes a part of its net surplus payable under ordinary shares in the form of a bonus share —
  - (i) the bonus share is to take the form of an ordinary share; but
  - (ii) a member is entitled to withdraw or transfer the bonus share only 10 years after the date the bonus share was issued;

- (d) to provide that where a society distributes a part of its net surplus payable under permanent shares in the form of a bonus share issued to an institutional member —
  - (i) the bonus share is to take the form of a permanent share; and
  - (ii) the bonus share cannot be withdrawn by that institutional member, and cannot be converted to an ordinary share, but may, with the approval of the committee of management of the society and in accordance with the Act and the by-laws of the society, be transferred by that institutional member to another institutional member of the society; and
- (e) to enable a member of a society who is a foreign worker to receive from the society the value stated on the member's bonus certificate or bonus share, if —
  - (i) the member ceases employment in Singapore for any reason (including the completion of the member's contract of service); and
  - (ii) the committee of management of the society is satisfied that the member has left or will soon leave Singapore permanently, and has no intention to resume employment in Singapore.

Clause 44 replaces section 77 to enable the Registrar or an authorised person to exercise the following powers (among others):

- (a) at all reasonable times have full and free access to all materials and information belonging or relating to a society;
- (b) require the production of a relevant thing (as defined in the new section 77(6)) by any officer, agent, employee or member of the society, or any other person whom the Registrar or authorised person reasonably believes has possession or custody of that thing;
- (c) at all reasonable times and without warrant, enter and search any premises of a society, or any other premises at which the Registrar reasonably believes that any relevant thing is kept or stored, and take any relevant thing from those premises;
- (d) inspect, copy or make extracts from any material or information produced pursuant to a requirement by the Registrar or authorised person, or retain that material or information for a period the Registrar or authorised person determines to be necessary.

Clause 45(a) amends section 79(3)(b), so that it refers to an authorised person (which is defined in section 2(1) as amended by clause 2(c)) instead of a person authorised by the Registrar in writing on the Registrar's behalf.

Clause 45(b) replaces section 79(4) with new section 79(4), (4A) and (4B) to restate the powers that the Registrar or an authorised person may exercise for the purposes of an inquiry under section 79(1) or (2) into the constitution, operations, financial condition or affairs of a society. The Registrar or authorised person may —

- (a) by notice in writing require any person, whom the Registrar or authorised person reasonably believes is acquainted with any facts or circumstances concerning any matter in the inquiry —
  - (i) to be examined, to answer any question, and to provide a signed statement; and
  - (ii) to produce any material or information in the person’s possession or custody;
- (b) without payment — inspect, copy, make extracts, or retain for a period, any such material or information; and
- (c) require any such material or information kept in electronic form to be produced in legible form.

Clause 46(a) amends section 80(1), so that it refers to an authorised person (which is defined in section 2(1) as amended by clause 2(c)) instead of a person authorised by the Registrar by order in writing on the Registrar’s behalf.

Clause 46(a), (c) and (e) also amends section 80(1) and (2), and the section heading to section 80, to extend the scope of an examination under section 80 from just the books of a society to all materials of the society.

Clause 46(b) replaces section 80(1)(a) to clarify that —

- (a) the reference in that provision to “his satisfaction” is a reference to the Registrar’s satisfaction; but
- (b) the references in that provision to “him” and “he” are references to the applicant for an examination under section 80.

Clause 46(d) inserts new section 80(3), (4) and (5) to expand on the powers that the Registrar or an authorised person may exercise for the purposes of an examination under section 80. The Registrar or authorised person may —

- (a) by notice in writing require any person, whom the Registrar or authorised person reasonably believes is acquainted with any facts or circumstances concerning any matter in the examination —
  - (i) to be examined, to answer any question, and to provide a signed statement; and
  - (ii) to produce any material or information in the person’s possession or custody;

- (b) without payment — inspect, copy, make extracts, or retain for a period, any such material or information; and
- (c) require any such material or information kept in electronic form to be produced in legible form.

Clause 47 amends section 81 —

- (a) to provide for the Registrar to bring to the notice of a society, and any secondary society or apex organisation affiliated to the society, any findings on the working of the society made in any audit, special audit or inquiry, or any inspection or examination of material, under the Act (instead of just defects in the working of the society disclosed in an audit, inquiry or examination of books under the Act); and
- (b) to enable the Registrar to order the society or its officer to take action to address the findings made in the audit, special audit, inquiry, inspection or examination (instead of just remedying the defects disclosed in the audit, inquiry or examination of books).

Clause 48 amends section 82 to enable the Registrar to make an award relating to the costs of a special audit conducted under the new section 33A (to be inserted by clause 20).

Clause 49(a) replaces section 83(2) to restate the grounds on which the Registrar may, on the Registrar’s own initiative, issue an order directing a society to be wound up.

Clause 49(b) and (c) replaces the references to “from” and “have elapsed from” in section 83(4) and (6), respectively, with references to “after”, to clarify that the 2 months mentioned in each of those provisions start after the date of the winding-up order in section 83(1) or (2).

Clause 50(a), (b) and (c) amends section 89(1) and (2) to clarify how certain times mentioned in those provisions are to be reckoned.

Clause 50(d) and (f) inserts new section 89(3A) and (6) to provide that —

- (a) where the members of a society have approved at a general meeting prior to the winding up of the society that all or any part of the remaining moneys of the society and unclaimed sums (if any) mentioned in section 83(3) (collectively, the relevant surplus) be applied to one or more charitable purposes or donated to one or more charities; and

- (b) the Registrar has approved that the whole or part of the relevant surplus be applied to all or any of those charitable purposes or donated to all or any of those charities,

the whole or part of the relevant surplus approved by the Registrar must be applied or donated in accordance with the Registrar's approval, instead of being transferred to the Co-operative Societies Liquidation Account.

Clause 50(e) replaces section 89(4) to restate the purposes for which any moneys or sums transferred to the Co-operative Societies Liquidation Account may be utilised.

Clause 51(a) and (c) replaces the existing section 90(1) with a new section 90(1), (1A) and (5) —

- (a) to clarify section 90(1); and
- (b) to include a special audit under the new section 33A (to be inserted by clause 20) as one of the proceedings to which section 90(1) relates.

Clause 51(b) amends section 90(4) to clarify that the 2 months mentioned in that provision start after the date of the Registrar's order under section 90(1) or (3) (as the case may be).

Clause 52(a) amends section 93(3)(b) to enable the Registrar to issue written directions with respect to the provision of any service (instead of any financial service) by a credit society.

Clause 52(b) inserts new section 93(3)(ca) and (cb) to enable the Registrar to issue —

- (a) written directions with respect to the prudential requirements to be met by a credit society; and
- (b) written directions to require a society to engage, for the purposes of preparing the books and accounts of the society, a person who is chosen by the society and approved by the Registrar in writing.

Clause 53 replaces section 93A.

The Minister's power to freeze the bank accounts of a society (to prevent the loss or misuse of the funds of the society) is presently provided for in the existing section 93A. However, that power should not have been provided for in that section, because that section falls within Part VIII, which deals with the duties and powers of the Registrar. The existing section 93A is therefore repealed by clause 53, and the substance of that section is reinstated as a new section 97C (in Part IX) by clause 60. Part IX deals with miscellaneous matters, including various powers of the Minister.

The new section 93A empowers the Registrar to order a credit society to stop receiving any new deposits, and to cancel the registration of a society as a credit

society, if, in 2 or more consecutive financial years, the society fails to comply with any prudential requirement contained in a written direction issued by the Registrar. The new section 93A also provides for related matters, such as the consequences that follow from the cancellation of the registration of a society as a credit society, and an appeal to the Minister against the Registrar's decision to cancel the registration of a society as a credit society.

Clause 54 replaces the existing section 94 with new sections 94 and 94A to extend the Registrar's powers to protect a society.

The new section 94 empowers the Registrar to do one or more of the following, if the Registrar is satisfied that the committee of management of a society, or any member of that committee, is not performing the duties of that committee or member (as the case may be) properly, or that there has been any misconduct or mismanagement in the administration of a society:

- (a) suspend all or any of the activities of the society, for such period as the Registrar may specify;
- (b) in any case where the Registrar is satisfied that the committee of management of the society is not performing its duties properly, or that there has been misconduct or mismanagement in the administration of the society —
  - (i) remove the committee of management of the society; and
  - (ii) order that the affairs and property of the society be managed and administered by a committee of not less than 3 individuals, all of whom are appointed by the Registrar, on such terms and conditions and for such period as the Registrar may specify;
- (c) in any case where the Registrar is satisfied that the committee of management of the society is not performing its duties properly, or that there has been misconduct or mismanagement in the administration of the society —
  - (i) remove the committee of management of the society; and
  - (ii) appoint one or more individuals as statutory manager, on such terms and conditions and for such period as the Registrar may specify, to manage and administer the affairs and property of the society;
- (d) remove one or more members of the committee of management of the society;
- (e) appoint one or more individuals as statutory adviser, on such terms and conditions and for such period as the Registrar may specify, to advise the society on the proper management of such of its affairs and property as the Registrar may determine;

- (f) appoint such number of additional individuals to the committee of management of the society as the Registrar considers necessary for the proper management of the society, on such terms and conditions and for such period as the Registrar may specify;
- (g) suspend, for a period not exceeding 24 months, any member of the committee of management of the society.

The new section 94 also provides for the matters that follow from the exercise of the Registrar's powers under that section, such as —

- (a) an appeal to the Minister against the Registrar's order; and
- (b) the protection of any statutory manager, statutory adviser or individual appointed under the new section 94(1) from personal liability.

The new section 94A empowers the Registrar to do one or more of the following, if the Registrar is satisfied that it is necessary or desirable to protect the interests of the members, or to protect the property, of a society:

- (a) suspend all or any of the activities of the society, for such period as the Registrar may specify;
- (b) remove the committee of management of the society, and appoint one or more individuals as statutory manager, on such terms and conditions and for such period as the Registrar may specify, to manage and administer the affairs and property of the society;
- (c) appoint one or more individuals as statutory adviser, on such terms and conditions and for such period as the Registrar may specify, to advise the society on the proper management of such of its affairs and property as the Registrar may determine;
- (d) appoint such number of additional individuals to the committee of management of the society as the Registrar considers necessary for the proper administration of the society, on such terms and conditions and for such period as the Registrar may specify;
- (e) suspend, for a period not exceeding 24 months, any officer or employee of the society, and provide for arrangements during the period of suspension of that officer or employee (such as for the execution of any instrument, or the carrying out of any act, on behalf of that officer or employee);
- (f) prohibit the society from parting with the property without the Registrar's approval.

The new section 94A also provides for the matters that follow from the exercise of the Registrar's powers under that section, such as —

- (a) an appeal to the Minister against the Registrar's order; and

- (b) the protection of any statutory manager, statutory adviser or individual appointed under the new section 94A(1) from personal liability.

Clause 55 amends section 95(2) to enable the Minister to make rules for or with respect to —

- (a) the books, accounts and other documents to be kept by societies;
- (b) the conduct of a special audit of a society;
- (c) the making and collection of contributions to the Central Co-operative Fund and the Singapore Labour Foundation, including the payment of any shortfall in contributions paid, the imposition of a prescribed penalty for the late payment of contributions, the waiver, refund or remission (whether wholly or in part) of any penalty, and the appointment of agents to collect contributions and late payment penalties; and
- (d) any officer of a society who may be required to undergo such training, or comply with such other requirements, as the Registrar may specify, and any matter relating to such training or such other requirements.

Clause 55(d) also deletes the existing section 95(2)(g) (which enables the Minister to make rules for or with respect to the form and contents of the annual reports of societies), because the new section 34(1A) (to be inserted by clause 21(a)) provides for the annual report of a society to be prepared in such form and manner, and contain such information, as the Registrar may require.

Clause 56 amends section 96 to require a special order made under that section to be published in the *Gazette*.

Clause 57(a) amends section 97 —

- (a) to require a general or special order made under that section to be published in the *Gazette*; and
- (b) to provide for an exemption under that section to be subject to such conditions (if any) as the Minister may impose.

Clause 57(b) amends section 97 by replacing the existing reference to “with effect from” with a reference to “starting on”, so as to clarify that the exemption or application mentioned in that section starts on the date mentioned in that section.

Clause 58 repeals and re-enacts section 97A to provide for an exemption under that section to be subject to such conditions (if any) as the Minister may impose, and to make editorial changes.

Clause 59 amends section 97B(2) to empower the Minister, when amending the Schedule by an order under section 97B(1), to make such saving and transitional provisions as may be necessary or expedient.

Clause 60 inserts a new section 97C to preserve the Minister's power to freeze the bank accounts of a society (to prevent the loss or misuse of the funds of the society). That power is presently provided for in the existing section 93A. However, that power should not have been provided for in the existing section 93A, because that section falls within Part VIII, which deals with the duties and powers of the Registrar. The existing section 93A is therefore repealed by clause 53, and the substance of that section is reinstated as the new section 97C. It is more appropriate to provide for that power in the new section 97C, because that section falls within Part IX, which deals with miscellaneous matters, including various powers of the Minister.

Clause 61 removes a redundant reference to "registered" from section 98(1).

Clause 62 amends section 100(1) to make it an offence if —

- (a) a person (not being a society or any officer or member of a society) neglects or refuses to do an act or furnish information required for the purposes of the Act by the Minister, the Registrar or a person duly authorised by the Minister or Registrar;
- (b) a person (the provider) provides or furnishes, or causes to be provided or furnished, to the Registrar or a person duly authorised by the Registrar, any return, declaration, document or information that the provider knows, or is reckless as to whether, is false or misleading; or
- (c) a person, without reasonable excuse, hinders, delays or obstructs the Registrar, or a person duly authorised by the Registrar, in the exercise of the Registrar's powers or the discharge of the Registrar's duties under this Act, or interferes with the exercise or discharge of the Registrar's powers or duties.

Clause 63 inserts new sections 100AA and 100AB.

The new section 100AA makes it an offence for a person to do any of the following things:

- (a) wilfully make, or cause to be made, a false entry in any book, record or other document of a society;
- (b) wilfully omit, or cause to be omitted, an entry in any book, record or other document of a society;
- (c) wilfully remove, conceal or destroy an entry in any book, record or other document of a society;
- (d) wilfully make, or cause to be made, an alteration, to an entry in any book, record or other document of a society, which causes the entry to be false or misleading in a material particular.

The new section 100AB makes it an offence for a person to intentionally alter, suppress, conceal or destroy any document, information or property that the person is required, by or under the Act or any rules made under section 95, to produce or furnish to —

- (a) the Minister;
- (b) the Registrar; or
- (c) a person duly authorised by the Minister or Registrar to act on behalf of the Minister or Registrar (as the case may be).

Clause 64 inserts a new section 100BA to make it an offence for any member or officer of a society to make or disseminate any statement that is false or misleading in a material particular, with the intention of inducing another person to become a member of the society, or to enter into any contract, transaction or arrangement with the society for the benefit of the society or its member, if, at the time the statement is made or disseminated, that member or officer knows that, or is reckless as to whether, the statement is false or misleading in a material particular.

Clause 65(a) inserts a new item 8A into the Schedule, so as to require every society to have by-laws in respect of the minimum number of ordinary shares that a member of the society must hold.

Clause 65(b) amends item 21 of the Schedule to replace the existing reference to the manager of a society with a reference to the chief executive officer of the society, as a consequence of the amendment of section 61(4) (by clause 34(b)) to change the title of the individual appointed to administer and manage the affairs of the society from “manager” to “chief executive officer”.

Clause 66 makes miscellaneous amendments to the Act.

Clause 66(a), (b), (c), (d), (e) and (f) standardises the expressions used in the Act to describe how time is reckoned, and clarifies how time is reckoned in sections 10(1)(a), 15(8), 16C(3), 47(1) and (2), 55(3), 65A(3), 84(2) and (3) and 91(4).

Clause 66(b) also amends section 15(8) to replace the existing reference to “an appeal shall lie to the Minister” with a reference to “an appeal may be made to the Minister”.

Clause 66(g) amends section 87 to replace the existing reference to “no appeal shall lie to a civil court from an order of the liquidator” with a reference to “an appeal cannot be made to a civil court against an order of the liquidator”.

Clause 67 contains saving and transitional provisions.

## EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.

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