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## No. S 317

### CO-OPERATIVE SOCIETIES ACT (CHAPTER 62)

#### CO-OPERATIVE SOCIETIES (AMENDMENT) RULES 2019

In exercise of the powers conferred by section 95 of the Co-operative Societies Act, the Minister for Culture, Community and Youth makes the following Rules:

#### **Citation and commencement**

1. These Rules are the Co-operative Societies (Amendment) Rules 2019 and come into operation on 22 April 2019.

#### **New rule 1A**

2. The Co-operative Societies Rules 2009 (G.N. No. S 349/2009) (called in these Rules the principal Rules) are amended by inserting, immediately after rule 1, the following rule:

#### **“Definitions**

- 1A. In these Rules, unless the context otherwise requires —
- “accounting corporation”, “accounting firm” and “accounting LLP” have the meanings given by section 2(1) of the Accountants Act (Cap. 2);
  - “working day” means any day other than a Saturday, Sunday or public holiday.”.

#### **Amendment of rule 2**

3. Rule 2(1) of the principal Rules is amended by deleting the words “Internet website at <http://www.mcys.gov.sg/regcoop> (under “Forms”)” and substituting the words “website of the Registry of Co-operative Societies at <https://www.mccy.gov.sg/coop>”.

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**Deletion and substitution of rule 4 and new rule 4A**

4. Rule 4 of the principal Rules is deleted and the following rules substituted therefor:

**“Application for conversion from non-credit society to credit society**

4. Every application by a non-credit society under section 16A(2) of the Act to become a credit society must be in Form 5.

**Application for conversion from credit society to non-credit society**

4A. Every application by a credit society under section 16BA(1) of the Act to become a non-credit society must be in Form 6.”.

**Amendment of rule 5**

5. Rule 5 of the principal Rules is amended —

(a) by deleting paragraph (1) and substituting the following paragraphs:

“(1) For the purposes of sections 9(1B)(e) and 16A(5)(e) of the Act and subject to paragraph (2), the minimum prudential requirements that apply to a credit society are as follows:

(a) a capital adequacy ratio, calculated in such manner as may be determined by the Registrar by written notice, of —

- (i) not less than 8%, if the application under section 7 or 16A of the Act in respect of the credit society is made before 1 July 2020; or
- (ii) not less than 10%, if the application under section 7 or 16A of the Act in respect of the credit society is made on or after 1 July 2020;

(b) a liquidity ratio calculated in such manner as may be determined by the Registrar by written notice, of not less than 15%.

(1A) Paragraph (1)(a)(i) and (b) applies to every application under section 7 or 16A of the Act that —

(a) is pending immediately before 22 April 2019; or

(b) is made on or after that date.”; and

(b) by deleting the words “society or class of societies” wherever they appear in paragraph (2) and substituting in each case the words “credit society or class of credit societies”.

### **Amendment of rule 6**

6. Rule 6(1) of the principal Rules is amended by deleting the words “auditing firm or company” wherever they appear and substituting in each case the words “accounting corporation, accounting firm or accounting LLP”.

### **New rule 7B**

7. The principal Rules are amended by inserting, immediately after rule 7A, the following rule:

#### **“Prescribed period for provision of statement of account**

**7B.** For the purposes of section 42A(2) of the Act, the prescribed period after receiving a member’s request, for a credit society to provide to the member a statement of account mentioned in section 42A(2) of the Act, is 10 working days.”.

### **Amendment of rule 10**

8. Rule 10 of the principal Rules is amended —

(a) by deleting paragraph (1) and substituting the following paragraph:

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“(1) For the purposes of advising the Minister on the administration of the Central Co-operative Fund, there is established a committee (called in these Rules the Central Co-operative Fund Committee) that —

(a) is appointed by the Minister; and

(b) consists of a Chairman and such number of other members as the Minister may determine.”;

(b) by deleting paragraph (3) and substituting the following paragraph:

“(3) Each member of the Central Co-operative Fund Committee holds office for a term (not exceeding 3 years) decided by the Minister, and is eligible, at the end of that member’s term of office, for reappointment.”; and

(c) by deleting the words “consist of 3 members” in paragraph (7) and substituting the words “be one-third of the total number of members in office or 3 members, whichever is the higher”.

### **New rule 10A**

**9.** The principal Rules are amended by inserting, immediately after rule 10, the following rule:

#### **“Contributions to Central Co-operative Fund**

**10A.**—(1) The Central Co-operative Fund Committee may appoint an agent (called in this rule the appointed agent) to collect any contribution to the Central Co-operative Fund, any instalment of a contribution, or any penalty for the late payment of the whole or any part of any such contribution or instalment.

(2) Subject to paragraphs (4), (5) and (6), every society must pay its contribution to the Central Co-operative Fund in a lump sum to the appointed agent.

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(3) The lump sum must be paid by a society within a period of 30 days after the date of an invoice issued by the appointed agent to that society.

(4) If a society wishes to pay its contribution to the Central Co-operative Fund in instalments, the society must, at least 15 days before the end of the period mentioned in paragraph (3), apply to the Central Co-operative Fund Committee for approval to do so.

(5) The Central Co-operative Fund Committee may approve an application by a society to pay its contribution in instalments if the following requirements are satisfied:

- (a) the amount of the contribution is at least \$500,000;
- (b) the instalments are payable monthly within a period not exceeding 6 months, starting on the date of payment of the first instalment.

(6) Where the Central Co-operative Fund Committee approves an application by a society to pay its contribution in instalments —

- (a) the Committee must specify in its approval the amount, and the due date for the payment, of every monthly instalment; and
- (b) the society must pay every monthly instalment to the appointed agent in accordance with the approval.

(7) If any contribution payable in a lump sum is not paid in full by the last day of the period mentioned in paragraph (3), or if any instalment of a contribution is not paid in full by the due date mentioned in paragraph (6) for the payment of that instalment, the society must pay to the appointed agent a penalty calculated based on the following formula:

$$A\% \times B \times \frac{C}{365},$$

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where —

- (a) A is the average prime lending rate in the year in which the contribution or instalment is not paid in full;
- (b) B is the sum in arrears; and
- (c) C is the number of days for which that sum is in arrears.

(8) Paragraph (7) does not apply to any amount of contribution that is payable before, but remains in arrears on, 22 April 2019.

(9) The Central Co-operative Fund Committee may waive, refund or remit (whether wholly or in part) any penalty payable under paragraph (7).

(10) In this rule —

“average prime lending rate”, in relation to any year, means the average of the prime lending rates per annum for the months of October, November and December in the previous year, as specified on the MAS website, rounded to the nearest 0.5%;

“MAS website” means the website of the Monetary Authority of Singapore at <http://www.mas.gov.sg>.”

### **Amendment of rule 11**

**10.** Rule 11 of the principal Rules is amended —

- (a) by deleting paragraph (1);
- (b) by deleting sub-paragraph (b) of paragraph (2) and substituting the following sub-paragraph:
  - “(b) supported by a payment voucher certified by a person who is authorised by the Central Co-operative Fund Committee to do so.”; and
- (c) by deleting paragraph (7) and substituting the following paragraph:

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“(7) The Central Co-operative Fund Committee must in every financial year prepare a budget for the next financial year, and obtain the approval of the Permanent Secretary of the Ministry of Culture, Community and Youth for that budget.”.

### **Amendment of rule 12**

**11.** Rule 12 of the principal Rules is amended —

- (a) by deleting the words “transactions and the state of affairs” in paragraph (5)(a) and substituting the words “position and performance”;
- (b) by deleting the words “statements of accounts” in paragraph (9) and substituting the words “financial statements”; and
- (c) by inserting, immediately after paragraph (9), the following paragraph:

“(10) The Central Co-operative Fund Committee must change its auditor at least once every 5 years to either of the following:

- (a) another auditor from the same accounting corporation, accounting firm or accounting LLP;
- (b) another auditor from a different accounting corporation, accounting firm or accounting LLP.”.

### **Deletion and substitution of rule 13**

**12.** Rule 13 of the principal Rules is deleted and the following rule substituted therefor:

#### **“Dividend**

**13.** For the purposes of section 72(2)(b) of the Act, a society must not pay a dividend on paid-up share capital or subscription capital exceeding 10% per annum.”.

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**Amendment of rule 14**

13. Rule 14 of the principal Rules is amended —

(a) by deleting paragraph (1) and substituting the following paragraphs:

“(1) The duties of the chairman of a society include the following:

- (a) to provide leadership to the committee of management as to how the committee’s functions and responsibilities should be carried out;
- (b) to preside at all general meetings of the society and at all meetings of the committee of management;
- (c) to exercise general supervision over the officers and employees of the society;
- (d) to represent the society for any purpose that the committee of management may decide;
- (e) to certify or sign the appropriate documents, returns and statements required under the Act, these Rules, the by-laws of the society or any direction of the committee of management;
- (f) to perform any other duties specified in the by-laws of the society or entrusted to the chairman by the committee of management.

(1A) The chairman’s duties at a meeting of the society or of the committee of management are to be carried out —

- (a) in the absence of the chairman — by the vice-chairman; or
- (b) in the absence of both the chairman and the vice-chairman — by any other person

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elected by a majority of the members of the society or of the committee of management (as the case may be) present at the meeting.”;

- (b) by deleting the word “and” at the end of sub-paragraph (d) of paragraph (2), and by inserting immediately thereafter the following sub-paragraph:

“(da) to submit all minutes of meetings, and any other information, return or statement required by the Registrar, within the time required by the Registrar.”;

- (c) by deleting the word “manager” in paragraph (4) and substituting the words “chief executive officer (whether called general manager or otherwise)”;
- and
- (d) by deleting the word “manager” wherever it appears in paragraph (5) and substituting in each case the words “chief executive officer”.

*[G.N. No. S 25/2011]*

Made on 15 April 2019.

TAN GEE KEOW  
*Permanent Secretary,  
Ministry of Culture,  
Community and Youth,  
Singapore.*

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