

A BILL

in titule

An Act to amend the Co-operative Societies Act 1993.

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ENACTED by the Parliament of Malaysia as follows:

Short title and commencement

- 1.** (1) This Act may be cited as the Co-operative Societies (Amendment) Act 2020.
(2) This Act comes into operation on a date to be appointed by the Minister by notification in the *Gazette*.

Amendment of section 5

- 2.** The Co-operative Societies Act 1993 [*Act 502*], which is referred to as the “principal Act” in this Act, is amended in paragraph 5(1)(a) by substituting for the word “fifty” the word “twenty”.

Amendment of section 6

3. Section 6 of the principal Act is amended—

- (a) in paragraph (1)(a), by substituting for the word “ten” the word “five”; and
- (b) in paragraph (2)(b), by substituting for the word “twenty-five” the word “ten”.

Amendment of section 8

4. Subsection 8(1) of the principal Act is amended by substituting for the word “twenty” the word “five”.

Amendment of section 12

5. Paragraph 12(b) of the principal Act is amended by deleting the words “with the prior written approval of the Commission.”.

Amendment of section 24

6. (1) Paragraph 24(1)(a) of the principal Act is amended by inserting after the words “Muslim,” the words “to the person nominated in accordance with the regulations in his behalf or, if there is no person so nominated.”.

(2) Any nomination of a nominee by a Muslim member of a co-operative society made before the date of coming into operation of this Act shall continue to remain valid.

Amendment of section 42

7. Section 42 of the principal Act is amended by substituting for the word “six” the word “three”.

Amendment of section 42A

8. Subsection 42A(1) of the principal Act is amended by substituting for the word “three” the word “two”.

Amendment of section 50

9. Section 50 of the principal Act is amended—

(a) by renumbering the existing section as subsection (1);

(b) in subsection (1) as renumbered, by inserting after paragraph (e), the following paragraph:

“(ea) loans from any licensed financial institution, or co-operative society as may be determined by the Commission;”; and

(c) by inserting after subsection (1) as renumbered, the following subsection:

“(2) For the purposes of paragraph (1)(ea), “licensed financial institution” means—

(a) a licensed bank under the Financial Services Act 2013 [Act 758];

(b) a licensed Islamic bank under the Islamic Financial Services Act 2013 [Act 759]; and

(c) a prescribed institution under the Development Financial Institutions Act 2002 [Act 618].”.

Amendment of section 72

10. Subsection 72(1) of the principal Act is amended by substituting for the word “fifteen” the word “five”.

Transitional

11. All regulations, directives, guidelines, circulars and notices made, issued or given under the principal Act before the date of coming into operation of this Act, which are inconsistent with the provisions of the principal Act as amended by this Act, shall, on the date of coming into operation of this Act, cease to have effect.

EXPLANATORY STATEMENT

This Bill seeks to amend the Co-operative Societies Act 1993 ("Act 502").

2. *Clause 1* contains the short title and the provision on the commencement of the proposed Act.

3. *Clause 2* seeks to amend paragraph 5(1)(a) of Act 502 to provide that a co-operative society which consists of at least twenty persons may be registered as a primary co-operative society. Currently, a co-operative society is required to consist of at least fifty persons before it can be registered as a primary co-operative society.

4. *Clause 3* seeks to amend section 6 of Act 502.

Subclause 3(a) seeks to amend paragraph 6(1)(a) of Act 502 to provide that at least five persons shall sign the application form for registration of a primary co-operative society. Currently, at least ten persons are required to sign such application.

Subclause 3(b) seeks to amend paragraph 6(2)(b) of Act 502 to require minutes of the inaugural general meeting submitted together with the application for registration of a primary co-operative society to be signed by at least ten persons present. Currently, at least twenty-five persons present are required to sign the minutes.

5. *Clause 4* seeks to amend subsection 8(1) of Act 502 to allow the Commission, under the special provisions, to register a co-operative society which consists of at least five persons. Currently, a co-operative society is required to consist of at least twenty persons.

6. *Clause 5* seeks to amend paragraph 12(b) of Act 502 to remove the requirement imposed on a co-operative society to get prior written approval from the Commission before the co-operative society can display its other name or logo at each of its branch.

7. *Clause 6* seeks to amend paragraph 24(1)(a) of Act 502 to allow the transfer of shares, returns or interest to a person nominated by a deceased member who was a Muslim and to provide for a provision on the validity of any nomination of a nominee by a Muslim member of a co-operative society made before the date of coming into operation of this Act.
8. *Clause 7* seeks to amend section 42 of Act 502 to reduce the minimum required number of members of a Board of a co-operative society from six to three.
9. *Clause 8* seeks to amend subsection 42A(1) of Act 502 to reduce the minimum required number of members of an Internal Audit Committee of a co-operative society from three to two.
10. *Clause 9* seeks to amend section 50 of Act 502 to provide that the funds of a co-operative society may be raised through a loan from any licensed financial institution and co-operative society as determined by the Commission.
11. *Clause 10* seeks to amend subsection 72(1) of Act 502 to provide that the Commission may revoke the registration of a co-operative society if the number of its members has been reduced to less than five. Currently, the Commission may revoke the registration of a co-operative society if the number of its members has been reduced to less than fifteen.
12. *Clause 11* contains transitional provision.

FINANCIAL IMPLICATIONS

This Bill will not involve the Government in any extra financial expenditure.

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