

UNOFFICIAL TRANSLATION
COOPERATIVE SOCIETIES LAWS
OF 1985 TO (No. 2) OF 2013

- | | |
|-----------|--|
| | Summary title. |
| | 22 of 1985 |
| | 68 of 1987 |
| | 190 of 1989 |
| | 8 of 1992 |
| | 22(I) of 1992 |
| | 140(I) of 1999 |
| | 140(I) of 2000 |
| | 171(I) of 2000 |
| | 8(I) of 2001 |
| | 123(I) of 2003 |
| | 124(I) of 2003 |
| | 144(I) of 2003 |
| | 5(I) of 2004 |
| | 170(I) of 2004 |
| | 230(I) of 2004 |
| | 23(I) of 2005 |
| | 49(I) of 2005 |
| | 76(I) of 2005 |
| | 29(I) of 2007 |
| | 37(I) of 2007 |
| | 177(I) of 2007 |
| | 104(I) of 2009 |
| | 124(I) of 2009 |
| | 85(I) of 2010 |
| | 118(I) of 2011 |
| | 130(I) of 2012 |
| | 204(I) of 2012 |
| | 214(I) of 2012 |
| | 15(I) of 2013 |
| | 39(I) of 2013 |
| | 88(I) of 2013 |
| | 107(I) of 2013 |
| | 185(I) of 2013 |
| | 23(I) of 2014 |
| | 122(I) of 2014 |
| | 107(I) of 2015 |
|
 | |
| 1. | The present law may be cited as the Cooperative Societies Laws of 1985 to (No. 4) of 2013. |
|
 | |
| 2. | In this Law, unless different meaning is derived from the text: |
| | Definitions |
| | |
| | “Accessory services” [deleted] |
| | L. 107(I) 2013 |
| | “Activities schedule” [deleted] |
| | L. 107(I) 2013 |
| | “Activities in accepting deposits” [deleted] |
| | L. 107(I) 2013 |
| | “Branch” [deleted] |
| | L. 107(I) 2013 |
| | L. 107(I) 2013 |

“Business license” [deleted]

“Bonus” shall mean a share of the profits of a registered society distributed among its members according to the volume of the transactions incurred by them within the society in which profits have derived;

“Central Bank” shall mean the Central Bank of Cyprus;

“Central Body” shall mean the Cooperative Central Bank Ltd as defined in the Business of Credit Institutions Law, as amended or replaced, and the Directives issued by the Central Bank of Cyprus;

L. 107(I) 2013
L.66(I) 1997
AMEND./(I)/317 of
22.8.1997
L.74(I) 1999
L. 94(I) 2000
L. 119(I) 2003
L. 4(I) 2004
L. 151(I) 2004
L. 231(I) 2004
L. 235 (I) 2004
L. 20(I) 2005
L. 80(I) 2008
L. 100(I) 2009
L. 123(I) 2009
L. 27(I) 2011
L. 104(I) 2011
L. 107(I) 2012
L. 14(I) 2013
L. 87(I) 2013

“Commissioner” shall mean the appointed Commissioner of the Authority of Cooperative Societies by virtue of article 4;

L.123 (I) 2003

“Board committee of a cooperative credit institution” and **“Council”** shall mean the governing bodies of a registered society to whom the administration of its affairs is entrusted;

“Committee” shall mean the Committee of the Service of cooperative societies, as established by virtue of article 5;

L.123 (I) 2003

“Consultation committee” [deleted]

L. 123(I) 2003

“Cooperative Credit Institution” or **“CCI”** shall mean a registered society that holds an operating license of a credit institution by virtue of the provisions of the Business of Credit Institutions Law, as amended or replaced, and includes the Cooperative Central Bank Ltd;

L. 107(I) 2013

“Cooperative legislation” shall mean the present Law and Rules, issued by virtue of the present Law;

L. 107(I) 2013

“Co-operative Societies Service” shall mean the service as provided for in paragraph 4 of article 4 and in article 4A.

L.122 (I) 2014

“Court” shall mean the District Court of the District where the registered address of the cooperative society is found;

“Deposit” shall mean the amount of money paid or received on terms under which it will be repaid with or without interest or a premium, either on demand or on fixed notice or under terms agreed by or on behalf of the person making the payment and the person receiving it, which however, are not related to the sale or the supply of goods or assets, the provision of services or to the issue of debenture or shares;

L. 123(I) 2003

“Directive 2006/48/EK” [deleted]

L. 107(I) 2013

“Dividend” shall mean profits distributed on the basis of share capital of a registered society;

“Electronic money” [deleted]

L. 107(I) 2013

“Exposure” in relation of a person shall mean the granting of any loan, or the opening of a current account for this person, or the granting of any financial leasing including hire purchase financing, or the discharge of any bill or bill of exchange for which this person has been rendered liable as an acceptor, or a drawer or an endorser, or the granting of any financial guarantee or the undertaking of any other financial liability or obligation on behalf of this person, or the undertaking of any commitment to grant any of the above, and includes any of the above acts which occur for the benefit of a third party with the guarantee of this person; it also includes any other direct or indirect balance sheet asset item or off-balance sheet asset item in relation to this person.

L. 107(I) 2013

“Financial means” [deleted]

L. 107(I) 2013

“Insurance company” [deleted]

L. 107(I) 2013

“Investment company” [deleted]

L. 107(I) 2013

“Member” includes a person or a registered society that signs together with the other members the application for the registration of the society and every person or every registered society admitted to membership after registration in accordance to the Rules and special regulations;

“Member State” shall mean the member state of the European Union;

L. 107(I) 2013

“Member State of origin” [deleted]

“Minister” shall be the Minister of Commerce Industry and Tourism; L. 29(I) 2007

“Official” includes the chairman, secretary, member of the “board committee of a cooperative credit institution”, member of the council or any other person authorized by virtue of the provisions of the Rules or special regulations to direct the activities of a registered society; L.68 of 1987

“Ordinary shares” shall mean the shares issued by a registered society, which are owned exclusively by its members or in the case of CCIs by non-members as well and are governed by the provisions of the present Law and the Rules issued by virtue of the present Law; L. 107(I) 2013

“Parent company” and “subsidiary company” [deleted] L. 107(I) 2013

“Preference shares” shall mean the shares issued by a registered society which do not provide voting rights to their holders, may also be owned by persons who are not members of the society and are governed by the provisions of the present Law and the Rules issued by virtue of the present Law; L. 107(I) 2013

“Primary Cooperative Society” shall mean a cooperative society of which the members are natural persons;

“Property” shall mean any kind of movable or immovable property held by a registered society and necessary for the purposes of the registered society;

L. 107(I) 2013

“Recovering measures” [deleted]

L. 107(I) 2013

“Recognized cooperative credit institution” [deleted]

“Registered auditor” shall mean “legitimate auditor” or “legitimate auditing firm” considering the meaning which is attributed to the terms by article 2 of the Auditors and Statutory Audits of the Annual and Consolidated Accounts Law, as amended or replaced.

L.122 (I) 2014
L. 42(I) 2009
L. 163(I) 2013

“Registered Society” shall mean a cooperative society registered or deemed to be registered under this Law;

“Rules” shall mean the Rules issued by virtue of the present Law;

“Secondary cooperative society” shall mean any Cooperative Society of which at least one member of its is a Cooperative Society; L.107 (I) 2013

“Service” [deleted] L. 122(I) 2014

“Share capital” shall mean the capital of a registered society which consists of the ordinary shares and if the society has also issued preference shares, the capital of the society also includes the preference shares, L. 107(I) 2013

“Shares of Class B” [deleted] L. 107(I) 2013

“Special Regulations” shall mean the registered special regulations of a registered society that are in force including any registered amendment of the special regulations;

“Tertiary Cooperative Society” [deleted] L. 107(I) 2013

“Third country” shall mean a state other than the Republic or a Member State. L. 123(I) 2003

Previous names
of the
Cooperative
Societies.

2A. Wherever there is reference to any law, rules, regulations, decrees, decisions, directives and service schemes issued by virtue thereof, to: L. 107(I) / 2013

(a) the “Commissioner of Cooperative Societies and Cooperative Development”, “Cooperative Development Department (Cooperative Development) or “Cooperative Development Officer” , or

(b) the “Committee of the Authority for the Supervision and Development of Cooperative Societies, “the Commissioner of the Authority for the Supervision and Development of Cooperative Societies” and the Authority for the Supervision and Development of Cooperative Societies”, or

(c) the “Committee of the Authority for the Supervision of Cooperative Societies”, “the Commissioner of the Authority for the Supervision of Cooperative Societies” and the “Authority for the Supervision of Cooperative Societies”,

shall mean the “Committee of the Authority for Cooperative Societies”, the “Commissioner of the Authority for Cooperative Societies”, the “Authority for Cooperative Societies” and “Officer of the Authority for Cooperative Societies”.

- | | | | |
|---------------------------|--|--|--|
| Minister's powers. | 3. | (1) On the basis of Article 3, paragraph (c), section (3) of the Transfer of the Powers of the Greek Community Assembly and of the Ministry of Education Laws of 1965 to 1969 exercised by the Minister, usually acting through the Commissioner. | 12 of 1965
45 of 1965
49 of 1966
50 of 1967
87 of 1968
59 of 1969 |
| | | (2) With the observance of the provisions of article 4C the Minister supervises the operation of the registered societies by virtue of the present Law and instructs the Commissioner regarding the exercising of his powers under the present Law as he may deem necessary to the interests of the Cooperative Movement. | 107(I)/2013 |
| | | (3) With the observance of the provisions of article 4C the Minister has the authority to request the Commissioner to supply him with reports, accounts and other information regarding the operation of registered societies by virtue of the present Law and the general exercise of the Commissioner's powers by virtue of the present Law. | 107(I)/2013 |
| | | (4) The Commissioner is obliged to offer any facility to the Minister for the audit of the reports, accounts and information referred to in section (3), as the Minister may reasonably require. | |
| | | (5) With the observance of the provisions of article 4C the Commissioner: | 107(I)/2013 |
| | (a) oversees the compliance with the provisions of the present Law and Rules issued by virtue of the present Law and for this purpose the Commissioner or any person authorized by him through a general or special written authorization, has the power to inspect the books, accounts and documents of a registered society, and every official of such society is obliged to provide the necessary facilities and all required information in relation to such an inspection, and | | |
| | (b) ensures the dissemination of the cooperative principles as well as the smooth operation of the cooperative institution in Cyprus. | | |
| Commissioner | 4. | (1) The Council of Ministers appoints for a 5-year renewable period a person of high moral and professional standards with experience and proven expertise in economics, including finance, business administration, law or accounting, as the Commissioner of the Authority of Cooperative Societies: | L.123 (I) 2003 |

It is provided that, if the person appointed as Commissioner holds a permanent post in the civil service or organization, the employee shall retire, ex officio, from the said position and the provisions of the Pensions Law that concern voluntary early retirement benefits shall apply calculated based on the employee's pensionable salary at the date of his retirement, as follows:

- (a) In case the employee has not completed ten years of service, he shall be considered to have been in the civil service or organization for such additional period of time as he had been before his appointment as Commissioner or for the period he would need to serve, if he served based on the age limit, whichever of the two periods is the shortest;
- (b) in case the employee has completed ten years of service, he shall be considered to have been in the civil service or organisation for a period of ten additional years or for such period as he would have served if he had retired due to age limit, whichever of the two periods is the shortest.

The hereinabove added service is considered as service with contributions:

It is further provided that in this section the terms "civil service" and "organisation" shall have the meaning attributed to them by the Pensions Law which is in force.

- (2) The Commissioner may not hold any other position or public office in the Republic nor be employed by another business with remuneration.
- (3) The Commissioner may not be subject to disciplinary prosecution and he may be terminated with a resolution of the Council of Ministers if he no longer fulfills the conditions required for the discharge of his duties or he has committed a serious offense.
- (4) During the discharge of his duties, the Commissioner shall preside over the Authority of Cooperative Societies, the staff members of which are members of the Civil Service appointed according to what is stipulated by the Civil Service Law and serve in accordance to the Rules, the

1 of 1990
71 of 1991
221 of 1991
27(I) of 1994
83(I) of 1995
60(I) of 1996
109(I) of 1996
69(I) of 2000
156(I) of 2000
4(I) of 2001

scheme of services and the organization chart of the Authority of Cooperative Societies.

- (5) The Commissioner or any person employed by the Authority of Cooperative Societies shall not have civil liability regarding any action or omission in the course of exercising his duties and powers by virtue of the present Law, unless it is proven that the action or the omission was committed in bad faith or due to gross negligence;
- (6) Notwithstanding the provisions of any other Law in force concerned, the Commissioner may -
 - (a) Secure direct services for issues related to the exercise of his powers and the performance of his duties, by the virtue of the present Law, or related to the training of the staff members of the Authority of Cooperative Societies;
 - (b) Conclude for the purposes mentioned in paragraph (a) hereinabove, agreements for the provision of services or ensure the provision of specialized services by lawyers, registered auditors or other professional experts.
 - (c) [Deleted]
- (7) The remuneration and the other terms of service of the Commissioner shall be determined in his appointment agreement.
- (8) The exercise of disciplinary action against anyone who replaces the Commissioner for any action or omission is not possible, unless special approval is given by the Council of Ministers;
- (9) The Commissioner, being the highest executive body of the Authority of Cooperative Societies-
 - (a) Implements the policy defined by the Committee that concerns the Authority according to the provisions set in article 5A;
 - (b) Manages and controls the activities of the Authority;
 - (c) Takes action on all issues concerning the activities of the Authority, which do not explicitly fall within the competence of the Committee; and

(d) Represents the Committee in all affairs with other persons including those with the Republic;

(e) [deleted]

Authority of
Cooperative
Society

- 4A.** (1) The Authority of Cooperative Societies is presided over by the Cooperative Society Executive Officers, one of whom is appointed by the Commissioner as his deputy in case of absence or impediment in the execution of his duties under the present Law:

L.123(I) 2003

L.76 (I) 2005

L.37 (I) 2007

It is provided that, in case of vacancy of the Commissioner's post due to any reason whatsoever, the Minister appoints a Deputy Commissioner who exercises the Commissioner's duties until a new Commissioner is appointed pursuant to the provisions of article 4.

- (2) The transfer or the exercise of disciplinary action against anyone serving in the Authority of Cooperative Societies is possible as long as the consent of the Commissioner is granted.

Annual
Budget

- 4B.** The annual budget of the Authority of Cooperative Societies is prepared by the Committee and submitted by the Ministry of Finance to the Council of Ministers for approval.

L.123 (I) 2003

Restrictions on the
Minister's
jurisdictions and
those of the
Authority of
Cooperative
Societies and
abolishment

- 4C.** (1) Notwithstanding any provision by virtue of the present Law or the Rules, issued by virtue of the present Law, the Minister, the Commissioner, the Committee and the Authority of Cooperative Societies:

L.107(I) 2013

(a) do not have any jurisdiction or power in relation to the provided by the Business of Cooperative Credit Institutions Law, as amended or replaced, licensing, regulation, supervision and imposition of supervisory measures to the CCIs or any other registered society that receives deposits or any legal entity or unity of persons established as a cooperative society in a Member State or third country and carries out businesses of a credit institution in Cyprus, and

(b) may not be engaged in any activity aimed at the business development of the CCIs.

- (2) (a) Since the date that the Cooperative Societies (Amending) (No4) Law of 2013 came into force all regulative decisions, except the regulative decision referred to in subsection (b) down below, and all the decrees issued based on abolished articles or other provisions of the basic Law substituted by the Cooperative Societies (Amending) (No 4) Law of 2013, are abolished. L.107(I) 2013

(b) (i) The Committee of the Authority of Cooperative Societies proceeds with a decision to the abolishment of the Solidarity, Support and Development Fund, of Cooperative Societies that carry out business of CCI.

(ii) In the said decision, the date of the Fund's abolishment and the return of the reserve capital to its members are defined.

- (3) All directives, guidelines and circulars of the Commissioner issued by virtue of the Cooperative Societies (Amending) (No 4) Law of 2013 on abolished articles of the basic Law or those that refer to issues provided in section (1) are abolished.

- Official Gazette
Third (I)
Annex:
25.2.2000
8.4.2004
24.7.2009.
- (4) The Cooperative Societies (Establishment and Operation of a Deposit Protection Scheme) Rules of 2000 until 2009 are abolished.

- Official Gazette
Third (I)
Annex:
15.05.1987
14.12.2001
31.12.2004
30.03.2007
24.02.2012.
- (5) The Cooperative Societies Rules are applied to the extent that are not contrary to the provisions of the present Law and regarding CCIs are not contrary to the provisions of the Business of Credit Institutions Law, as amended or replaced, or any directives issued by virtue of the this Law.

- (6) Since the date that the Cooperative Societies (Amending) (No4) Law of 2013 came into force where in any law, regulation or directive any jurisdictions are provided for the Committee of the Authority of Cooperative Societies, the Commissioner of the Authority of Cooperative Societies and the Authority of Cooperative Societies,

respective to those provided by section (1), paragraph (a) regarding the licensing, regulation, supervision and imposition of supervisory measures to any institution, society or organization, those jurisdictions are exercised by the Central Bank of Cyprus and, any directive issued by virtue of the above laws by the Committee of the Authority of Cooperative Societies, by the Commissioner of the Authority of Cooperative Societies or by the Authority of Cooperative Societies are abolished and the respective directive of the Central Bank of Cyprus is applied.

Committee

- 5.** (1) A Committee of the Authority of Cooperative Societies is established, which consists of the Commissioner or his substitute according to the provisions of section (1) of the article 4A and four other members appointed by the Council of Ministers, two of them come from a list of at least the double number of persons submitted by the Pancyprian Cooperative Confederation.

L.123 (I) 2003

- (2) Only persons of high moral and professional standards are appointed as members of the Committee.
- (3) No person is recommended for appointment as a member of the Committee if he holds any position that is incompatible to his capacity as a member of the Committee, and specifically in case he:
- (a) Is a minister or member of the House of Representatives;
 - (b) Is a member of the Municipal Board, including the Mayor;
 - (c) Is a member of the armed forces or of the security forces of the Republic;
 - (d) Holds a public office or an office in a municipal authority or acts as a deputy in such a post:

It is provided that "public post" means any post with financial benefit in the service of the Republic, provided that its remunerations are subject to control by the Republic and includes any post whatsoever at any legal entity of public law or any undertaking of public utility:

Furthermore, it is provided that incompatibility does not concern a person, who:

- (i) Holds a professor position at a university or another institute of higher education in the Republic;
 - (ii) Executes, without being member of the Civil service, duties of the representative of the Republic at an international monetary or financial organisation, which the Republic is a member of.
- (e) Has declared bankruptcy, unless this has been discharged, or is subject to compulsory administration or is in dispute with his creditors;
 - (f) Is subject to judicial restriction due to insanity or has been declared as a person with reduced mental capacity;
 - (g) Is a member of the Committee or the Supervisory Board, an official or an employee of a registered society.
- (4) The term of office of the members of the Committee is five years, and may be renewed:

L.118 (I) 2011

It is provided that, exceptionally, the term of office of the two members of the Committee that are appointed immediately after the enforcement of the present Law, one of whom comes from the list of persons submitted by the Pancyprian Cooperative Confederation, is three years, while the term of office of the members of the Committee that are appointed thereafter is five years.

- (5) The position of a member of the Committee is vacated-
- (a) In case of death;
 - (b) In case of a resignation letter addressed to the Council of Ministers;
 - (c) In case the Council of Ministers revokes his appointment if he no longer fulfills the requisite conditions for the execution of his duties or in case he has committed a serious offense.

- (6) According to the provisions of section (5) if the post becomes vacant, the Council of Ministers will appoint a new member for the remaining term of office of the member whose post has been vacated. In case the appointment of the member whose post has been vacated was conducted from the list submitted by the Pancyprian Cooperative Confederation, pursuant to the provisions of section (1), the Council of Ministers appoints a new member from a list of the double number of persons proposed by the Pancyprian Cooperative Confederation, unless the Pancyprian Cooperative Confederation omits to submit such a list within thirty days from the date it is requested in writing to do so.
- (7) (a) The Committee convenes a meeting by sending a notice from the Commissioner to all members, or in the case of temporary absence or incapacity of the Commissioner, by his substitute pursuant to the provisions of section (1) of article 4A:
- It is provided that, meetings are convened when they are imperative for the proper function of business and at least once a month;
- (b) The Commissioner will convene a meeting of the Committee if two members of the Committee submit a written request stating the issues for which they request a meeting.
- (8) The Committee is presided over by the Commissioner or by his substitute according to the provisions of article 4A, section (1).
- (9) The presence of the Commissioner or his substitute and at least two members of the Committee shall constitute a quorum.
- (10) The decisions of the Committee are taken by simple majority vote of the members present and, in case of equality of votes, the Chairman of the meeting has a casting vote.
- (11) The minutes of the Committee meetings are kept according to the method defined by the Committee and, unless otherwise decided by the Committee or the competent court or disciplinary body established by law, are not made public.

- (12) A vacancy in the Committee or a deficiency in the appointment of one of its members does not entail invalidity of the actions or procedures of the Committee.
- (13) Employees of the Authority of Cooperative Societies, or other persons who the Committee may deem appropriate, may participate in the meetings without the right to vote.
- (14) The members of the Committee are remunerated with the amount determined by the Council of Ministers.

Powers of the Committee. **5A.** (1) The Committee-

L.123(I) 2003
L. 76(I) 2005

- (a) Defines and supervises the implementation of the policy of the Authority of Cooperative Societies;
- (b) [Deleted]
- (c) Submits proposals to the Council of Ministers as to the regulation of issues that the Council has the power to regulate pursuant to the present Law;
- (d) Submits proposals to the Council for amendments to the present Law or to the Rules by virtue of the Law; and
- (e) Exercises any other competences assigned by the present Law or any other law.

L. 76 (I) 2005

- (2) The Commissioner is responsible to inform the Committee of all current issues of its competence and provides such data and information that may facilitate the decision-making and the establishing of the policy of the Committee.

Committee members' liability

- 5B.** (1) The Committee, and its members, have no responsibility in case of lawsuit, claim or any other legal proceeding for indemnification related to any action or omission during the exercise of its duties by virtue of the present Law or the rules issued by virtue of the present Law, unless it is evident that the action or omission was committed in bad faith or is the result of gross negligence.

L.107(I) 2013

- (2) Subject to the provisions of article 4, section (5), the Committee and each one of its members does not have any

responsibility in case of lawsuit, claim or any other legal proceeding for indemnifications related to any action or omission during the exercise of the duties of the Authority of Cooperative Societies by virtue of the present Law or the Rules issued by virtue of the present Law.

Societies
eligible for
registration

6. (1) Without prejudice to the provisions of the present article, a society which has as objective the promotion of the financial interests of its members in accordance with the cooperative principles, or a society established with the object of facilitating the operations of such societies, may be registered by virtue of the present Law: L.85(I) 2010

It is provided that, from the date of entry into force of the Cooperative Societies (Amending) Law of 2010, only societies with share capital and whose members have limited liability to the level of their participation in the share capital of society shall be registered. L.85 (I) 2010
L.107(I) 2013

- (1A) (a) The liability of a society of which a member is a registered society shall be limited. L.85 (I) 2010
- (b) In the case of a society with unlimited liability, its members only during the liquidation will be jointly and separately responsible regarding the society's liabilities.
- (c) In the case of a registered society of limited liability, no contribution is required by any shareholder in excess of the amount, if any, not paid for the shares he is responsible of as a shareholder. L.107(I) 2013
- (2) In any lawsuit or other legal proceeding against a registered society in respect to any obligation of the society, no member or shareholder thereof shall be made a litigant either personally or under his capacity as a member or shareholder. L.107(I) 2013
- (3) The "cooperative principles" referred to in section (1), aim with the application of the principles of self-help, solidarity and helping one another, self-governing and self-supervising to the improvement of the financial, social and educational position of the members of the Cooperative Societies and to the encouragement of the spirit of saving, the restriction of usury and the proper use of credit.

- (4) Without prejudice or affecting the generality of section (3), the cooperatives aim, based on the principles therein, especially in the organization and promotion of rural and worker credit and agricultural development, in the most beneficial provision of the necessary equipment for farmers and workers, in the better use of the natural resources, in the more productive exploitation of the immovable property, in the more suitable disposal of its products and their security, of industries supported by techno economic study, in the improvement of the way of living, in the operation of social services concerning the housing and health and the general improvement of the standard of living, social, educational and cultural standard of its members.

Limitation of members' interest in societies with limited liability and share capital

7. With exception of CCIs whenever the liability of the members of a society is limited by shares, no member, except a registered society, may hold a greater portion of the ordinary share capital of the society than the maximum limit which is prescribed by the rules:

L.107(I) 2013

It is provided that the maximum limit may not exceed one-fifth of the share capital of the society.

Members' qualifications and terms of registration

8. (1) The members of a registered society may be-
- (a) individual persons over eighteen years of age; and
- (b) registered societies.
- (2) No society, other than a society of which a member is a registered society, shall be registered by virtue of the present Law unless it consists of at least twelve persons, each of whom is over eighteen year of age, and resides or owns immovable property within the intended area for operations of the society seeking registration.
- (3) Whenever, for the purposes of this article, an issue is raised as to the age, residence or property qualification of any person this shall be decided by the Commissioner.
- (4) No society established as a secondary registered society shall be registered unless at least five registered societies are members thereof:

L.107(I) 2013

It is provided that in justified cases the Commissioner may allow a deviation from the above provision under the terms

and the period he may specify with the understanding that at least one member of the society in regard is a registered society.

- (5) The word "cooperative" shall form part of the name of every society and the word "Limited" shall be the last word in the name of every society with limited liability registered by virtue of the present Law.

Application for registration

- 9.** (1) For the registration of a society an application shall be submitted to the Commissioner.
- (2) The application must be signed-
- (a) In the case of a society, of which no member is a registered society, by at least twelve persons qualified in accordance with the requirements of article 8 (2); and
- (b) In the case of a society of which a member is a registered society, by a duly authorized person acting on behalf of every such registered society, and where not all the members of the society are registered societies, by twelve other members, or, when there are less than twelve other members, by all of them.
- (3) The application shall be accompanied by two copies of the proposed special regulations of the society and the persons by whom or on whose behalf such application is submitted shall furnish such information as regards the society as the Commissioner may require.

Registration.

- 10.** (1) If the society has complied with the provisions of the present Law and rules made there under, and its proposed special regulations are not in contrary to the present Law or the Rules and the cooperative principles, and provided that, in the community in which it operates, no other society exists and operates with the same purposes, the Commissioner may register the society and its special regulations and issue a certificate of registration in the prescribed form.
- (2) From the issuance of the certificate by the Commissioner, as provided in section (1) hereinabove, the society is entitled to conduct business at its registered address:

171(I) 2000

It is provided that a registered society is entitled, having the Commissioner's consent, to conduct business at any other

address apart from its registered address, within its area of activities.

- (3) Without prejudice the provisions of section (1), the Commissioner, prior to proceeding with the registration of a Secondary Cooperative Society, excluding the societies that intend to operate as CCIs, may, if he considers it necessary, demand the submission of a feasibility study concerning the economic and practical aspects of the intended activities of the society under formation and, only when he is convinced of the viability of the society, he registers the society. L.107(I) 2013

Application of provisions of article 8 and sections (1) and (2) of article 10.

- (10A).** The provisions of article 8 and the sections (1) and (2) of article 10 are applied both during the registration of a co-operative society as well as on a continuous base for every registered society. L.107(I) 2015

Certificate of registration.

- 11.** Unless it is evident that the registration of the society has been canceled, the certificate of registration, signed by the Commissioner, shall be conclusive evidence that the society therein mentioned is duly registered.

11A. [deleted]

L130(I) 2012
L.170(I) 2004

Amendment of special regulations of registered societies.

- 12.** (1) Any registered society may, according to the provisions of the present Law and Rules, amend its special regulations.
- (2) No amendment of the special regulations of a registered society shall be valid until that amendment is registered by virtue of the present Law, and for this purpose two copies of the amendment shall be submitted to the Commissioner.
- (3) With the observance of the provisions of article 4C if the amendments of the special regulations-
- (a) are not contrary to the present Law or Rules and the cooperative principles in case of a CCI, or
- (b) are not contrary to the present Law or Rules and the cooperative principles, taking into account the proper operation and financial position of the society, in case of any registered society that is not a CCI, and

L.107(I) 2013

(c) taking into consideration in both cases (a) and (b) above the general interests of the Cooperative Movement,

the Commissioner may register the amendment.

- (4) No amendment of the special regulations, which changes the name of a registered society or consequently changes the liability of the members of the society from unlimited to limited, or which changes any other objective or provision, shall affect any right or obligation of the society or officials of the society and any legal or any arbitration proceedings pending may be continued by or against the society, under its new trade name and its new liability.
- L.170 (I) 2004
L.170 (I) 2013
L.85 (I) 2010

It is provided that the officials of the society, the special regulations of which are amended so as to modify the liability of the members of the society, shall remain in their post until the expiration of their term as had been provided by the special regulations before such amendment.

- (5) No amendment of the by-laws of a society that induce a change of the liability of its members from unlimited to limited with the creation of share capital as provided by article 12A, shall be registered unless a decision is taken in a general assembly of its members and approved by the Commissioner.
- L.85 (I) 2010

- (5A) (a) In case that the liability of the members changes from unlimited to limited as provided in section (5), proper notification is given to the lenders, and a right is granted to them, before the entry into force of the change or after this within a period to be set by the Committee, to ask for the direct payment of net reimbursable claims without any fees or charges for that purpose or restriction of interest chargeable, regardless of any contrary conditions governing their requirements, but without prejudice to the provisions of article 28 and any counterclaims of any kind, including company commitments, assignments or other contractual commitments and general preferential lien.
- L.85 (I) 2010
L.107(I) 2013

- (b) Existing members are still considered members complying with the provisions of the special regulations as they are amended above, unless they notify the society in writing about their objection and secede.

- (c) [deleted] L.107(I) 2013

- (6) Whenever the Commissioner registers an amendment of the special regulations of a registered society, he shall issue to the society a copy of the amendment, certified by him, which shall constitute exclusive evidence of the fact that the amendment has been duly registered.
- (7) In this article "amendment" includes the issuing of a new special regulation and the amendment, replacement or cancellation of a special regulation.

Issuance of shares and other titles.

12A. (1) Members in registered societies, whose liability is unlimited, may decide at the general assembly to modify the special regulations in such a way so as to provide the creation of ordinary share capital able to convert the members' unlimited liability to limited liability.

L.107(I) 2013

- (2) A registered society may issue ordinary share capital without any modification on its special regulations and up to amount of the share capital provided by the special regulations based on the terms set by the general assembly and approved by the Commissioner:

It is provided that the approval of the Commissioner is not required for the CCIs.

It is further provided that for the CCIs, affiliated with the Central Body, the approval of the Central Body is required.

- (3) (a) Each issue of ordinary shares will be addressed only to persons who are or may be registered as members of the society on the basis of article 8 and in the case of CCIs and to persons that are not members.
- (b) The terms of issue may provide that the nominal value of the ordinary shares or part of it up to a maximum limit will be covered through capitalization of annuity reserves, provided that the following maximum limits are met:
 - (i) Maximum limit to the part of the nominal value that may be covered through the capitalization of annuity reserves, during the first issue of share capital: 100% with a maximum limit of €10 per current member.

- (ii) Maximum limit to the part of the nominal value that may be covered through the capitalization of annuity reserves in any other case of shares offering to current shareholders apart from the case provided by subparagraph (i): 20%.
 - (iii) Maximum limit to the part of the total annuity reserves that may be capitalized: 10%.
- (4) If it is provided by special regulations a registered Society may issue preference shares, bonds or other titles or transferable securities without the voting rights and terms decided by the general assembly and approved by the Commissioner:

It is provided that the approval of the Commissioner is not necessary for the CCIs, but for the CCIs affiliated with the Central Body the approval of the Central Body is necessary.

- (5) Preference shares issued under section (4) are entitled to:
- i. dividend,
 - ii. payoff up to their nominal value in the case of liquidation,
 - iii. payoff or redemption, during the society's operation, and
 - iv. participation in other distributions, according to their terms of issue:

It is provided that excluding the CCIs the total nominal value of the preference shares should not exceed the 50% of the total nominal value of the issued ordinary shares, unless with the previous approval of the Commissioner.

It is also provided that, regarding the said authority he has, the Commissioner acts with the consent of the Committee of the Authority of Cooperative Societies and up to the maximum of 100% of the total nominal value of ordinary shares:

- (6) (a) Regarding ordinary shares and preference shares, the non-payment of dividend neither constitutes an event of

default for the issuer , nor the cancellation of a payment of dividend constitutes any limitation for the issuer.

- (b) Regarding ordinary shares and, preference shares, the refusal for redemption or the limitation of the redemption does not constitute a breach of liability for the issuer.
- (c) (i) Excluding the issuing of a minimum number of ordinary shares as provided by the registered society's special regulations for the registration of a new member and the issuing of ordinary shares towards a current member for the purpose the current member possess the minimum number of ordinary shares, any new issue of ordinary shares is offered by priority to the ordinary shareholders on a pro-rata basis of the shares already owned, except otherwise provided by a decision of the general assembly and, for the registered societies that are not CCIs, by the Commissioner's approval, regarding the relevant pro-rata basis.
 - (ii) Every issuance of preference shares is offered by priority to the current ordinary and preference shareholders on a pro-rata basis of the shares already owned.
- (d) Ordinary shares and if it is provided by their issuance terms preference shares:
 - i. absorb the primary and proportionally largest portion of losses as occur between them equally, compared to other capital means issued by the society which are not classified as common equity tier 1 capital,
 - ii. are prioritized at a lower level compared to all the other claims in case of insolvency or liquidation of the registered society.

(7) For every category of shares or other titles or instruments, registered societies keep a register in which the identity data, the address and the number of titles each person owns are recorded.

- (8) Irrespective of any provision of the present Law or the Rules which are issued pursuant to the Law or the provisions of any other law or regulation or the provisions of the special regulations of the registered societies, the ownership of shares or other titles or instruments of a registered society are proven based on the data kept in the register that is provided for in section (7) which consist satisfactory proof of ownership, for any purpose, without being necessary to issue to the possessor a relevant certificate of shares or other titles or instruments: L.122(I) 2014

It is provided that the registered society informs the owner of shares or other titles or instruments for any changes in the ownership of shares or other titles or instruments in accordance to the way and the proceeding specified by the board committee of a cooperative credit institution:

It is further provided that the shareholder or the owner of other titles or instruments may, by written application, ask at any time and for any purpose, official confirmation from the registered society, which concerns his ownership of shares or other titles or instruments of the registered society and in that case the society is obliged within reasonable time to supply the owner with the said confirmation signed by the chairman or other member of the board committee of a cooperative credit institution and its secretary.

Issue of
covered bonds
by cooperative
credit
institutions.

- 12B.** (1) The provisions of sections (4) and (7) of article 12A are applied in relation to the issue by CCIs of covered bonds, as per the Covered Bonds Law, as amended or replaced. L.107(I) 2013.
- (2) Cover, under the meaning of article 2 of the Covered Bonds Law, which constitutes a collateral benefit for the covered creditors in relation to covered bonds issued by CCIs as per the Law above, is valid for the purposes of the present Law, for anything which regards the liquidator and any creditor of the CCI, without the obligation for registration in virtue of the present Law.
- (3) The provisions of the present article, of section (4) of article 47A and of section (5) of article 49D of the present Law are applied mutatis mutandis to a CCI as well which has assets

committee of a cooperative credit institution, by charging the society's reserve capital and in compliance with the provisions of article 12A(3)(b), and the remainder of the share capital is allocated to new or existing members as defined by the society's special regulations or, until their amendment, by the society's committee, in exchange to payment of their value.

- (6) Notwithstanding the provisions of the present article, registered societies amend their special regulations in order to be consistent with the above provisions, within twelve (12) months from the date the Cooperative Societies (Amending) (No. 2) Law of 2013 is entered into force. L.39(I) 2013.
- (7) Regarding the conversion of the liability, the procedure of granting shares according to section (5) or the amendment of special regulations according to section (6), does not affect the conversion of the liability which ceases to be unlimited 30 days after the notification of the Commissioner provided by section (2). L.107(I) 2013.

- Restructuring of CCI 12E.** (1) In case of applying the provisions of the Restructuring of Financial Institutions Law or/and the orders issued by virtue of this Law, the participation of the Cyprus Government or the Central body in CCIs ordinary share capital takes place irrespective of: L.107(I) 2013
L.200(I) 2011
L.40(I) 2012
L.49(I) 2012
L.2(I) 2013
L.13(I) 2013
- (a) the provisions of the special regulations or the decisions of the board committee of a cooperative credit institution of the CCI by virtue of article 12D in relation to the level of the authorized capital, and
- (b) the provisions of the present Law or special regulations or the decisions of the board committee of a cooperative credit institution of the CCI based on article 12D, in relation to the pre-emptive right or the defining of the shares' issue terms by the CCI's general assembly and the approval of the Central Body or the Committee of the CCI.
- (2) In case of applying the provisions of the Restructuring of Financial Institutions Law or/and the orders by virtue of this Law, the transfer of CCIs' members to a Cooperative holding society is possible in compliance with the following:

- (a) each member acquires participation in the share capital of the cooperative holding society in accordance to the participation he owns in the share capital of the CCI.
 - (b) the cooperative holding society acquires participation in the share capital of the CCI in accordance to the participation in the CCI's share capital owned by its members.
 - (c) the members of the cooperative holding society are considered as CCI's members for the purpose of articles 6(1) and 23 of the present Law.
- (3) With observance to the provisions of section (2), in case of applying the Restructuring of Financial Institutions Law and irrespective of the provisions of the present Law or rules issued by virtue of it or the special regulations of CCIs, the orders issued by virtue of the Restructuring of Financial Institutions Law may provide that a cooperative holding society becomes a member of the Cooperative Central Bank Ltd and the Cooperative Central Bank Ltd and a cooperative holding society for each CCI become members of the remaining CCIs.
- (4) For the purposes of the present article "cooperative holding society" means the registered society which is established with purpose to become member and gain participation in the share capital of the CCI according to the provisions of sections (2) and (3) of the present article.

PART II RIGHTS AND LIABILITIES OF MEMBERS

Limitations on
the exercise of
rights and
liabilities of
members

- 13.** No member of a registered society shall exercise his membership rights unless or until he pays to the society any possible fee described by the rules or special regulations regarding the acquisition of membership or interest in the society as may be described by the rules or special regulations.

Obtaining membership in registered societies	14. A person may be a member of more than one registered society that is a CCI if he complies with the terms and conditions provided by the present Law, the rules and the special regulations of each society.	L.107(I) 2013.
Voting	15. (1) Subject to the provisions of sections (1A) and (2) no member of any registered society shall have more than one vote in the conduct of the affairs of the society: It is provided that, in the case of an equal division of votes, the Chairman shall have a second or casting vote.	L. 107(I) 2013.
	(1A) In the case of CCIs each ordinary shareholder will have one vote for each ordinary share he possesses during the conduct of the general assemblies or the election of the society's board committee of a cooperative credit institution and wherever in the present Law or Rules issued by virtue of the present Law there is reference to members with regard to general assemblies or decision making of the general assemblies or to election of the institution's board committee of a cooperative credit institution or quorum, it shall mean the ordinary shares.	L. 107(I) 2013.
	(1B) Notwithstanding the provisions of rule 38, a CCIs' Committee members may be persons that are not members of the society.	L. 107(I) 2013.
	(2) A registered society which operates in a city or in more than one village may, in its special regulations, provide for local meetings or for other ways of voting including voting by proxy.	L.68/1987.
	(3) A registered society, which is a member of any other registered society, may appoint any of its members or its officials as its proxy in order to vote in the conduct of the affairs of such other registered society.	L. 171(I) 2000.
Supremacy of Directive of Central Bank of Cyprus on issues of corporate governance.	15A. Any directive issued by the Central Bank of Cyprus regarding corporate governance issues and the provisions of CCIs' special regulations instituted for the implementation of the directive override any provision of the Rules issued by virtue of the present Law.	L. 107(I) 2013.
Limitations in transferring shares or interests.	16. (1) With the exception of CCIs, the transfer of shares or interest of a member or past member or deceased member upon the ordinary capital of a registered society is subject to limitations,	L. 107(I) 2013.

according to article 7, concerning the maximum participation level determined.

- (2) In the case of a society registered with unlimited liability, no member shall transfer any share held by him or his interest in the capital of the society or any part thereof, unless-
- (a) he has held such share or interest for not less than one year; and
 - (b) the transfer is made to the society or to a person whose request for membership has been approved by the board committee of a cooperative credit institution.

PART III DUTIES OF REGISTERED SOCIETIES

Society's
address.

- 17.** Every registered society shall have an address, registered in accordance with the Rules, to which all notices may be sent, and shall notify the Commissioner about every change of that address.

Copy of the Law and
the Rules and of its
special regulations
open to public
inspection.

- 18.** Every registered society shall keep a copy of the present Law and of the Rules and of its special regulations and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

PART IV AUDIT OF COOPERATIVE SOCIETIES

Audit of accounts
of Cooperative
Societies

- 19.** (1)(a) Without prejudice to the provisions of section 27(H) of the Business of Credit Institutions Law, the compulsory audit of the annual accounts of every CCI including the Co-operative Central Bank Ltd is conducted by a Registered Auditor who is appointed by the general meeting of the members for each of the above societies and for whom the explicit approval of the Central Bank is needed in accordance with the provisions of section 27H of the Business of Credit Institutions Law:

L. 122(I) 2014.
L66(I) 1997
L74(I) 1999
L94(I) 2000
L119(I) 2003
L4(I) 2004
L151(I) 2004
L231(I) 2004
L255(I) 2004
L20(I) 2005
L80(I) 2008
L100(I) 2009
L123(I) 2009
L27(I) 2011
L104(I) 2011
L107(I) 2012
L14(I) 2013
L87(I) 2013
L102(I) 2013
L141(I) 2013

It is provided that the compulsory audit of the consolidated accounts of Co-operative Central Bank Ltd shall be conducted by the same registered auditor who conducts the compulsory audit of its annual accounts.

- (b) For the purposes of paragraph (a) the reference to “member” has the meaning which is attributed to it by section (1A) of article 15.
- (2) The compulsory audit of the annual accounts of a registered society which is not C.C.I is conducted by a registered auditor who is appointed by its members in a general meeting of the said registered society for whom the explicit approval of the Commissioner is secured.
- (3) The compulsory audit of the annual and consolidated financial accounts of the registered societies shall be conducted in accordance to the Auditors and Compulsory Audits of the Annual and Consolidated Accounts Law.
- (4) Every registered society is obliged to have its accounts ready for audit within three (3) months or in the case of CCI within one month (1) after the end of the financial year.
- (5) Immediately after the completion of the audit of the accounts the registered auditor is obliged to submit to the registered company the audited accounts and the relevant audit report and the registered society is obliged to submit immediately a copy to the Commissioner. In the case of CCI it is also obliged to submit a copy to the Central Bank as well, as specified in section (1) of article 24 of the Business of Credit Institutions Law.
- (6) The audit of the financial management of the registered societies that are not CCI which until the Co-operative Societies (Amendment) (N.2) Law of 2014 was put in force was conducted by the Audit Authority of Cooperative Societies, is now conducted by the Authority of Cooperative Societies. L. 122(I) 2014.
- (7) (a) Audit Authority of Cooperative Societies shall be dissolved from the date that the Co-operative Societies (Amendment) (N.2) Law of 2014 comes into force, and all the issues concerning persons employed in its service are regulated on the basis of the provisions of the Transfer of staff members of Audit Authority of Cooperative Societies to Public Service Law. L. 122(I) 2014.
- (b) All assets and liabilities of the Audit Authority of Cooperative Societies are transferred to the Republic, which succeeds the Audit Authority of Cooperative Societies regarding all its rights

and commitments until their final and full settlement:

It is provided that all court procedures or pending grounds of action or have been created between the Audit Authority of Cooperative Societies and any other person who is in the service or has been in its service or between the Audit Authority of Cooperative Societies and any other, continue or are exercised on the base of succession of Audit Authority of Cooperative Societies by the Republic as provided by paragraph (b).

- (8) Regarding the members of the Committee the chairman and the members of staff who were employed in the Audit Authority of Cooperative Societies the following provisions apply:

(a) The committee and each one of its members have no responsibility in case of court action, court application or other legal proceedings for damages in relation with any act or omission which took place prior the dissolution of Audit Authority of Cooperative Societies during the exercising of their duties, unless it is proved that the act or omission was not done in good faith or it was the result of negligence during the performance of their duties.

(b) Without prejudice to the provisions of paragraph (c) the Committee and each one of its members have no responsibility in case of court action, application or other legal procedure for damages in relation with any act or omission which took place prior its dissolution during the performance of the duties of the Audit Authority of Cooperative Societies

(c) The chairman or any other person who was in the employment of the Audit Service of Co-operative Societies has no civil responsibility in relation to any act or omission that took place during the performance of his duties, before the dissolution of the Audit Service of Co-operative Societies unless it is proved that the specific act or omission was not done in good faith or it was the result of negligence during the performance of his duties.

- (9) Whichever Rules were issued based on article 19, which is substituted based on Co-operative Societies (Amendment) (N.2) Law of 2014 are abolished, besides the Audit Authority of Cooperative Societies (Welfare Fund) Regulations of 1991 and 2001 which stay in force for the purposes of liquidation

and until the liquidation of Welfare Fund, applying the provisions of section (2) of article 6 of Transfer of staff members of Audit Authority of Cooperative Societies to Public Service Law of 2014.

Official Gazette of
the Republic
Third Annex Part I:
14.4.1985

It is provided that after the deduction of the liabilities of the Welfare Fund which was established according to the Welfare Fund of the Audit Services of Cooperative Societies Employees Regulations of 1995, its net assets are transferred to the Republic.

- (10) With regard to any valid provision in the Rules that are issued based on the provisions of the present Law or on any other law, Regulation or Directive which is related to the Audit Authority of Cooperative Societies the provisions of the present article are implemented.

Annual report. **20.**

- (1) As soon as possible after the termination of each year, the Commissioner shall send to the Council of Ministers, through the Minister, an annual report concerning the exercise of his powers in the past year.
- (2) Copy of the annual report of the Commissioner to the Council of Ministers is submitted by the Council of Ministers to the House of Representatives for the latter's briefing.

PART V PRIVILEGES AND DUTIES OF REGISTERED SOCIETIES

Legal entity of
registered society **21.**

The registration of a society shall render it a legal entity by the name under which it is registered, with perpetual succession, and with power to hold property, to enter into contracts, to institute and defend actions and other legal proceedings, and to do all things necessary for the purposes of its establishment:

Disposal of
goods to or
through a
registered
society. **22.**

- (1) A registered society, which has as one of its purposes the disposal of any goods produced or obtained by the business or industry of its members, whether is a product of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise, may provide with its special regulations or through a contract with its members:
- (a) that every such member who produces any such goods shall dispose the whole or any specified amount, proportion or description thereof to or through the society;

and

(b) that any member who is proved or adjudged, as may be described by the Rules, to be guilty of a breach of the by-laws or the contract, shall pay to the society, as liquidated damages, a sum calculated or assessed in a manner that may be described by the Rules.

- (2) As from the time of delivery to the registered society's store of any of the goods referred to in section (1) for the purpose of disposal either to or through the society, no creditor of the member delivering the goods shall have any power to attach or charge any of such goods, or, the proceeds of the sale thereof, remaining in the hands of the society, until any debt due by such member of the society is paid off.
- (3) No contract constructed by virtue of the provisions of the present article may be contested in any Court on the ground that it merely constitutes a contract in restraint of trade.

23. Granting of loans and establishing of charges in favor of registered societies.

(1) (a) Every registered society may grant exposures to its members according to the provisions of its special regulations.

L. 107(I) 2013.

(b) A registered society which is not CCI may provide exposures to a private individual or legal entity who/which is not member, including co-operative society, only with the concession of the Commissioner, which shall be granted with criteria the financial position of the registered society and the security offered by the above individuals.

L. 107(I) 2015.

(c) The granting of exposures from CCIs to legal entities is permitted provided that the members of the CCI are satisfied first.

(d) The provision of exposures by CCI to private individuals who are not members is prohibited:

L. 107(I) 2015.

It is provided that the present paragraph is not implemented in relation to an exposure which-

- L. 107(I) 2013.
- (i) Was provided prior the date that the Co-operative Societies (amended) (n.4) Law of 2013 came into force;
 - (ii) Is provided to a private individual who is not member but with full security of lien on a deposit which is kept in the same CCI ; and
 - (iii) Was provided or is being provided to a member of a CCI, who after the provision of the exposure is deleted from the members list, by reason that he has lost the qualifications of being a member, as those are anticipated in the present Law, Rules and in the special Regulations of CCI
- (e) A registered society may, when granting an exposure or when entering into an agreement for granting an exposure with a member or with any other person or when a member or other person is indebted to the society, require the member or this person to establish a charge for the benefit of the society on all its moveable property assets in such a form as may be prescribed by the rules, irrespective of whether at the date when such charge is made the property comprised in the charge is or is not in existence, or is or is not acquired by the person giving the charge.
- (2) A charge shall, so long as it continues to be in force, confer on the registered society the following rights and impose on the registered society the following obligations, that is to say -
- (a) a right, upon the happening of any event specified in the charge as being an event authorizing the seizure of the property subject to the charge, to take possession of any such property;
 - (b) where possession of any property has been so taken a right, after an interval of five clear days, or such less time as may be allowed by the charge, to sell the property either at auction or, if the charge so provides, by private agreement and either for a lump sum payment or payment by installments;
 - (c) an obligation, in the event of such power of sale being exercised, to apply the proceeds of sale in or towards the discharge of the monies and liabilities secured by the

charge, and the cost of seizure and sale, and to pay the surplus (if any) of the proceeds to the member.

- (3) A charge shall, so long as it continues to be in force, impose on the member the following obligations:
- (a) an obligation, whenever the member sells any of the property or receives any money in respect of the property comprised in the charge to pay forthwith to the registered society the amount of the proceeds of the sale or the money so received except to such extent as the pledge otherwise allows; the sums so paid shall be applied by the registered society in or towards the discharge of monies and liabilities secured by the charge;
 - (b) an obligation in the event of the member receiving any money under any policy of insurance or by way of compensation on any of the property comprised in the charge, to pay forthwith to the registered society the amount of the sums so received except to such extent as the charge otherwise allows; the sums so paid shall be applied by the registered society in or towards the discharge of monies and liabilities secured by the pledge.

Floating and
fixed charge in
favor of
registered
Societies.

- 23A.** (1) Every exposure granted by a registered society to a member which is also a registered society, may be secured by a floating charge on all assets of the borrowing registered society and, irrespective of whether at the date of registration of the charge the charged property exists or not, as well as by a fixed charge on specific property assets of movable property, which shall remain in the possession of the borrowing registered society without the right of their alienation.
- (2) As long as the floating charge is in force, the charged property may only be disposed in the ordinary course of business of the registered society.
- (3) As long as the floating or fixed charge is in force, the registered society to whose benefit the charge was given may, following a written notice to the registered society that provided the charge in accordance with the provisions of the contract for the creation of the charge, demand payment of the amount due for non-compliance with the terms of the contract, and as long as there is no compliance the registered society is entitled, in the

L. 68/1987

L.107(I) 2000
L.107(I) 2013.

case of floating charge, to appoint an Authorised Manager for the purposes and with powers as included in section (4) below, and in the case of fixed charge to proceed to the sale of the charged property by auction.

- (4) The Authorised Manager appointed under the floating charge is acting as representative of the registered society for whose benefit the charge was given and sells for the account of the registered society which appointed him, the charged assets, he may also, if he considers it indispensable, continue the business of the registered society substituting in such case for this purpose the board committee of the cooperative credit institution of the registered society.
- (5) The appointment of the Authorised Manager under the floating charge shall be served on the prescribed form to the registered society providing the charge and shall be notified to the Commissioner and in the case of a CCI to the Central Bank of Cyprus. L. 107(I) 2013.
- (6) Any official or member of the committee of a registered society who denies to accept the notice of appointment of an Authorised Manager under the floating charge or to comply with it or prevents or disturbs the work of the Authorised Manager, is guilty of an offence and in case of conviction he is liable to imprisonment for a period not exceeding one year or to a fine not exceeding .1000 or to both such sanctions.
- (7) The Authorised Manager appointed as above is obliged:
- (a) within two months following his appointment to submit to the Commissioner a Report showing the financial position of the registered society at the time of his appointment:
- It is provided that the Commissioner may, as long as he is satisfied, grant extension or extensions for the submission of the Report;
- (b) every year while his appointment is still in effect, to submit to the Commissioner a statement showing the property assets sold by him, the received amounts and generally a statement showing details of his administration:
- It is provided that the submission of the above statement by the Authorised Manager does not discharge the registered society of its obligations of submitting annual

accounts which are provided for by other provisions of the Law and of the Rules.

- (8) No Authorised Manager appointed as above is discharged by the Commissioner before he submits the final accounts of his administration.

Establishment
and registration
of charges.

24. (1) Any charge set up under article 23 shall be deemed duly executed if signed in duplicate by the member against the property of whom it was created, in the presence of the secretary and of at least three members of the committee.

- (2) The charges provided for under section (1) of article 23A as well as any other security which may be given by the registered society either in the form of pledge or in the form of assignment of contractual rights are registered with the Commissioner within a time limit of twenty one days by the committee of the society for whose benefit the charge was created. Any mortgage on the immovable property which is registered in the Land Registry Office is notified to the Commissioner.

L. 68/1987
L.171(I) 2000

- (3) The Commissioner shall keep a Register Book of Cooperative Societies charges in which particulars of all charges received by him shall be entered, and shall issue a certificate of registration to the society in whose favor a charge was created.

L.68/1987

- (4) Any person shall be entitled to inspect, upon payment of the prescribed fee, the file of charges and the Register of Cooperative Societies Charges and to receive a copy therefrom.

- (5) The Commissioner, on being convinced that an omission on the part of the board committee of the cooperative credit institution to forward the charge to him within the time specified in section (2) was accidental or due to some other sufficient cause, or is not of a nature to prejudice the interests of creditors or members of the registered society, or that on other grounds it is just and equitable to grant relief may, on the application of the registered society or any person interested and on such terms and conditions as the Commissioner may deem just and expedient, order that the deadline for forwarding the charge is extended.

L. 68/1987

- (6) (a) The registrations of charge in the Register according to

L. 68/1987

the above provisions are chronologically filed and in case of registration of more than one charge by any registered society each such charge is given the respective priority.

- (b) The registration of a charge as above is deemed as making known the charge to every person dealing with any charged property:

It is provided that no provision contained in the present Law affects any of the Republic for taxes of any nature that are due, as long as these became due at any time before the intended or pursued sale of charged assets subject to the charge.

- (7) As soon as the exposure, in respect of which a charge under this Law has been given, has been repaid, the committee of the registered society shall forthwith record the same in the copy filed in the office of the society and shall, within twenty-one (21) days from the date of payment, notify the Commissioner and, upon receipt of such notice, the Commissioner shall forthwith make an entry of satisfaction in the Register of Cooperative Societies Charges. L. 107(I) 2013.

Offence by
Authorised
Manager

- 24A.** (1) Every person appointed as Authorized Manager under a floating charge, who omits to comply with the provisions of sections (7) (a) and (b) and (8) of article 23A, is guilty of an offence and, in case of conviction, is liable to imprisonment not exceeding three months or to a fine not exceeding three hundred pounds or to both such sanctions. L. 68/1987.

- (2) By this Law is clarified that the term "Authorized Manager" is corresponding to the "Receiver Manager" appointed under a charge which is created according to the Companies Law. Ch. 113.

- (3) Without prejudice to the provisions of section (4) of article 23A the execution of duties of every Authorized Manager shall be regulated by the principles which are applied in the case of Receiver Manager appointed following the contract creating the charge and not by virtue of a judicial order as provided in the Companies Law. Ch. 113.

Offence
subject to
charge.

- 25.** If any member or ex-member of a registered society who has established a charge registered under this Law-

- (a) fails to comply with the obligations imposed by the present

Law as to the payment over to the society of any sums received by him by way of proceeds of sale or in respect of property or under a policy of insurance or by way of compensation; or

- (b) removes or concedes to be removed from his control any property subject to the charge, he shall be guilty of an offence and in case of conviction he shall be liable to imprisonment not exceeding one year or to a fine not exceeding one thousand pounds or to both such sanctions.

Assignment
of Charges.

26.

- (1) A registered society may borrow money and take advantage of any other exposures, from a society established as a secondary registered society with the purpose of facilitating the operation of cooperative societies or from any bank approved for this purpose by the Cooperative Central Bank in case of an affiliated with the Central Body CCI or by the Commissioner in case of any other registered society that is not a CCI, and provide as collateral any charge which it holds by virtue of articles 23(1) and 23A(1), if such charge is established and registered in accordance with the provisions of the present Law, and may for this purpose assign any such charge to any such society or bank.

L. 171(I) 2000
L.107(I) 2013.

- (2) Every assignment of a charge under the present article shall be registered in the same manner as the charge and the provisions of article 24 shall apply, mutatis mutandis, to the assignment of the charge registered.

- (3) Every assignment of a charge under the present article when registered as aforesaid shall constitute first charge in favor of the assignee subject to the provisions of article 24(6).

- (4) Where any charge has been assigned by virtue of the provisions of this article to a secondary registered society established with the purpose of facilitating the operations of cooperative societies, such society may borrow money from any bank approved for this purpose by the Commissioner, excluding the CCIs, on the security of such charge, and may for this purpose re-assign any such charge to such bank, and the provisions of sections (2) and (3) shall apply, mutatis mutandis, to a re-assignment of a pledge by virtue of this section.

L. 107(I) 2013.

Assignment
of loans or
other assets.

26A.

- (1) The Cooperative Central Bank, in order to acquire liquidity for its own purposes and for all the registered societies which

L. 204(I) 2012

carry out businesses of a cooperative credit institution, or for any other purpose, may assign or/and charge, through a relevant contract or as possibly provided by a law, in the benefit of the Central Bank of Cyprus or the European Central Bank or the Cyprus Government, loans or other assets of the Cooperative Central Bank or of the cooperative credit institution, which are assigned or /and charged to the Cooperative Central Bank for this purpose by virtue of a relevant agreement. Under this agreement the cooperative credit institutions may commit even further to assign or/and charge to the Cooperative Central Bank Ltd, on its demand, additional loans or other assets which may be necessary to fulfill the eligibility and adequacy criteria that may be applied.

- (2) As for the assignments or/and charge of the loans or other assets by the cooperative credit institutions to the benefit of the Cooperative Central Bank, as well as for the assignments or/and charge of the loans or other assets by the Cooperative Central Bank in the benefit of the Central Bank of Cyprus, the European Central Bank or the Cyprus Government, according to section (1) the following are applied:
 - (a) the assignment or/and charge becomes valid at the time of conclusion of the relevant agreement and has priority on behalf of any third party, without any further action being deemed necessary;
 - (b) from the assignment or/and charge no rights that third parties have acquired up to the date preceding the agreement are affected.
- (3) The provided in paragraph (1) assignments or/and charges are registered to the Commissioner.
- (4) The procedure and details for the application of the provisions of the present article are determined by the Cooperative Central Bank.

L. 107(I) 2013.

Initial charge in favor of registered society upon all crops etc.

27. Where no charge effected by a member in favor of a registered society under the provisions of Articles 23 and 24 subsists in respect of any of the things hereinafter in this Article mentioned, and subject to any claim of the Republic in respect of taxes or money receivable as such or of a landlord in respect of rent or money receivable as rent, any debt or outstanding demand payable to a registered society by any member or ex member shall be deemed to be an initial charge –

- (a) upon all crops or other agricultural products produced in whole or in part with an exposure taken from the registered society by such member or ex member, and L. 107(I) 2013.
- (b) upon any animals, fodder, agricultural or industrial implements or raw materials for manufacture supplied to or purchased by such member or ex member in whole or in part from any exposure whether in money or goods given to him by the registered society:

It is provided that no provision contained in this article shall affect the claims of any bona fide purchaser for consideration without notice of prior charge or a prior mortgagor or encumbrancer of any such crops or other agricultural produce, animals, fodder, or agricultural or industrial implements or raw materials for manufacture.

Charge and set off in relation to shares or interest of members.

- 28** With the observance of the provisions of article 31A, every registered society shall have a charge on the owned share capital and on the deposits of a member or ex-member or deceased member or any shareholder or depositor or deceased shareholder or depositor and upon any dividend, bonus or profits payable them or to their heritage in respect of any debt due to the society from them or from the heritage that may use any amount found on their behalf or the heritage in or towards payment of any such debt. L. 107(I) 2013.

Shares or interests of members not subject to seizure or sale.

- 29.** Without prejudice to the provisions of article 28, the share or interest of a member in the capital of a registered society shall not be liable to seizure or sale under any judgment or order of a Court in respect of any debt or liability incurred by such member, nor shall a receiver or trustee in bankruptcy be entitled to or have any claim to such share or interest.

Transfer of interest on member's death.

- 30.** (1) On the death of a member, a registered society may transfer the share of the deceased member in the society's share capital to the authorized person in accordance with the rules or special regulations made on that behalf, or, if there is no person so authorized, to the persons that the committee may decide to be the heirs or legal representatives of the deceased person, or may, with the observance of the provisions of article 31A, pay to the authorized person, heir or legal representative, as the case may be, an amount representing the value of the person's share, as calculated according to the rules or special regulations: L. 107(I) 2013.

It is provided that, in the case of a registered society that is not CCI, such society may transfer the shares of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and special regulations for membership of the society, or on his application within six (6) months of the death of the deceased member to any person specified in the application who is so qualified.

- (2) With observance to the provisions of article 31A every registered society shall pay all other monies due to the deceased person by such society to such nominee, heir or legal representative, as the case may be. L. 107(I) 2013.
- (3) Every transfer and payment made by a registered society in accordance with the provisions of this Article shall be valid and effectual against any demand made upon such society by any other person.

31. [Deleted] L. 39(I) 2013.

Redemption of shares.

31A. The capital of ordinary shares of a registered society cannot be reduced or settled including the case an ordinary shareholder ceases his membership for any reason, except in the case of redemption the following preconditions are cumulatively met: L. 107(I) 2013.

- (a) the previous approval of the Committee of the registered society is provided, which may decline completely or partly the owners' request for the redemption of his own shares and in case of an affiliated CCI the approval of the Central Body is required,
- (b) the consent of the Commissioner's is obtained in advance or in the case of a CCI the consent of the Central Bank of Cyprus is obtained, and
- (c) concerning CCIs the terms, conditions and procedures that the Central Bank may determine with its Decision based on the Business of Credit Institutions Law, as amended or replaced, and the terms, conditions and procedures provided in European union Regulations or Regulatory Technical Standards, that set the terms for the eligibility of shares as core equity tier 1 capital, are met.

Deposits taking place by or for the account of minors.

32. [Deleted] L. 107(I) 2013.

- Register of Members.** **33.** Any register or list of members kept by any registered society shall be prima facie evidence of any of the following particulars entered therein-
- (a) the date at which the name of any person was entered in such register or list as a member;
 - (b) the date at which any such person ceased to be a member.
- Confirmation of copy of entries.** **34.** (1) A copy of every entry in any book, register or list regularly kept in the course of business and in the possession of a registered society shall, if duly certified in the manner prescribed by the Rules, be admissible as evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions therein recorded in every case where, and to the same extent which, the original entry would, if produced, have been admissible in Court as evidence to prove such matters and transactions.
- (2) No official of a registered society shall in any legal proceedings to which such society is not litigant be compelled to produce any of the society's books the contents of which can be proved under section (1) or to appear as a witness to prove the matters, transactions and accounts therein recorded, unless by order of a court of law or a judge made for special cause.
- Pledge of warranties by registered societies.** **35.** Notwithstanding the provisions of any other law for the time being in force, a registered society may-
- (a) pledge as security for a general balance of account any warranties held by it; and
 - (b) authorize the creditor, in the event of default of payment on the date of the determination of any notice issued to the registered society to sell any or all of such warranties without recourse to the court of law and to credit the proceeds to such balance of account.
- Discharge of stamp duties or registration fees.** **36.** [Deleted]

**PART VI
PROPERTY AND FUNDS
OF A REGISTERED SOCIETY**

Restrictions on loans.	37.	[Deleted]	L. 107(I) 2013.
Restrictions on the right to borrow.	38.	[Deleted]	L. 123(I) 2003.
Restrictions on other transactions with non members.	39.	[Deleted]	L. 123(I) 2003.
Investment of funds and transactions in respect to the Capital of a registered Society.	40.	<p>(1) Without prejudice to any determined by the Rules terms and preconditions and the provisions of the Business Credit Institutions Law, as amended or replaced, and the relevant directives of the Central Bank of Cyprus, in case of an affiliated with the Central Body CCI, deposit its funds to the Cooperative Central Bank or with the consent of the Cooperative Central Bank may-</p> <p style="margin-left: 40px;">(a) deposit or invest its funds in government bonds or to any other bank or otherwise or use its funds for the purchase, renovation and expansion of the real property, as well as for the acquisition of movable property necessary for the carrying out of the purposes for which it was established, or</p> <p style="margin-left: 40px;">(b) sell its movable and immovable property.</p> <p>(2) With observance to the Rules terms and preconditions and the provisions of the Business Credit Institutions Law, as amended or replaced, and the relevant directives of the Central Bank of Cyprus, in case of an affiliated with the Central Body CCI, deposit its funds to the Cooperative Central Bank or to government bonds or to any other bank or otherwise or use its funds for the purchase, renovation and expansion of the real property, as well as for the acquisition of movable property necessary for the carrying out of the purposes for which it was established or sell its movable and immovable property,</p> <p>(3) With observance to any determined by the Rules terms and preconditions, a registered society which is not CCI may deposit</p>	L. 107(I) 2013.

its funds to the Cooperative Central Bank or, with the consent of the Commissioner-

(a) deposit or invest its funds in government bonds or to any other bank or as it is otherwise provided by the Rules or use its funds for the purchase, renovation and expansion of the real property, as well as for the acquisition of movable property necessary for the carrying out of the purposes for which it was established, or

(b) sell its movable or immovable property.

Distribution of profits **41.**

(1) At least half of the net profits of every registered society with limited liability, as ascertained by the audit prescribed in Article 19 shall be carried forward for the creation of a reserve fund. The remainder of such profits and any profits of past years available for distribution may be divided among the owners of ordinary shares and preference shares by way of dividend or between the members as bonus, or allocated to any other fund constituted by the registered society, to such extent or under such conditions as may be prescribed by the Rules or special regulations:

L.170 (I) 2004
L.170(I) 2013

It is provided that the above profit distribution takes place provided that a decision is made for this purpose by the general assembly, following a Committee's proposal and in the case of:

(a) The affiliated CCIs following the approval of the Central Body, and

(b) the CCI after the approval of the Central Bank,

who may request the cancellation of any profit distribution:

It is further provided that in case of a registered society with unlimited liability, the whole of the net profits ascertained as aforesaid shall be carried forward for the creation of a reserve fund and no distribution of profits shall be made without general or special order of the Minister.

(2) Any registered society, whether with limited or unlimited liability, may, following a decision by the general meeting of its members, contribute to any charitable or public purpose an amount not exceeding seven and half per cent of the total net profits of the year.

L.76 (I) 2005

PART VIA

Offences in relation to activities and the name of the Cooperative Credit Institutions	41A.	[deleted]
Application for operating license	41AA.	[deleted]
Requirements for acquiring operating license	41B.	[deleted]
Establishment or provision of services in the Republic from cooperative institutions of Member States	41C.	[deleted]
Duties of Commissioner for cooperative credit institutions	41D.	[deleted]
Continuous obligations of recognized cooperative credit	41E.	[deleted]
Cooperative credit institutions that issue electronic money	41EA.	[deleted]
Authority of the Commissioner for provision and withdrawal of operating license	41F.	[deleted]
Obligation of Confidentiality on behalf of the Commissioner and the Authority of Cooperative Development	41G.	(1) The Commissioner, the members of the Committee, the employees of the Authority of Cooperative Societies, any persons providing services according to section (6) of article 4, as well as any other person who is the recipient of confidential information due to his/her position or during the exercise of his/her professional duties, according to the provisions of the present Law, is obliged to confidentiality

and he/she must employ this information exclusively for the carrying out of his/her duties and not communicate any of it, unless, to the extent that this is necessary, within the framework of an administrative appeal that concerns the exercise of his/her duties or whereas the information constitutes evidence in the case of a criminal or disciplinary offense.

- (2) Confidentiality entails that confidential information arriving to a person while performing his duties may be communicated only to other competent authorities of the Republic, including the Central Bank, provided that there is reference to issues that fall, by law, into their official powers.
- (3) The authorities to whom confidential information is communicated according to section (2) are obliged to respect confidentiality:

It is provided that, nothing shall hinder the aforesaid authorities from communicating information to the authorities of another state in response to a legitimate request.

- (4) If a specific information comes from a Member State, it may be communicated after the expressed approval by the competent authorities that have transmitted it and, where appropriate, only for the purposes that this approval has been granted.
- (5) The communication of confidential information by the persons mentioned in section (1) is permitted-
 - (a) Provided that the communication is performed in an abridged or cumulated form in a way that it is not possible to ascertain the natural or legal person that the information concerns, unless there is a case of criminal responsibility;
 - (b) Within the framework of civil procedure in the case of bankruptcy of natural persons or compulsory liquidation of legal entities, provided that this information does not concern third parties that take recovery measures;
 - (c) With a court order.
 - (d) [Deleted]
- (6) A person, who knowingly violates his obligation to confidentiality commits an offense which in case of

L.37 (I) 2007

L.37 (I) 2007
L. 107(I) 2013.

L. 107(I) 2013.

L1/1990
L71/1991
L211/1991
L27(I) 1991
L83(I)/1995

conviction is penalized by imprisonment that does not exceed the two years or by a fine that does not exceed ten thousand euros, (€10,000), or by both of these penalties and, in the case of a civil servant, this violation constitutes a disciplinary offense penalized even with dismissal pursuant to the provisions of the Civil Service Law in force.

L60(I) 1996
L109(I) 1996
L69(I) 2000
L156(I) 2000
L4(I) 2001
L94(I) 2003
L128(I) 2003
L183(I) 2003
L31(I) 2004
L218(I) 2004
L68(I) 2005
L79(I) 2005
L105(I) 2005
L96(I) 2006
L107(I) 2008
L137(I) 2009
L194(I) 2011
L78(I) 2013

Obligation of confidentiality **41H.** [deleted]

Authority of the Council of Ministers for issue of orders **41I.** [deleted]

Exercising of activities in breach of the operating license **41JA.** [deleted]
41JB. [deleted]

PART VIB

Authority to collect information **41JC.** [deleted]

Authority of the Commissioner for entrance and research **41JD.** [deleted]

Jurisdiction of entrance and research and sanction of administration fee **41JE.** [deleted]

Authority of the Commissioner for entrance and research **41JF.** [deleted]

Actions of the Commissioner in case of breach **41JG.** [deleted]

Appointment of research officer **41JH.** [deleted]

Administrative
sanctions.

41Jl. Without prejudice to the provisions of article 4C, the Commissioner notwithstanding any possible criminal liability of the implicated party, has the power to impose administrative sanction with a fine that does not exceed the ten thousand euros, (€10,000), and in the case of repetition of the violation of an amount that does not exceed thirty thousand euros, (€30,000), depending on the extent of the violation, in the case that it is ascertained that a registered society or any person who is a member of the Committee or a member of the administrative or the managing body or an employee of the cooperative credit institution, violates any of the provisions of the present Law or Rules, issued by virtue of the present Law:

L. 107(l) 2013.

It is provided that, an administrative sanction, according the present article, may be imposed, completely justified, beyond the said legal entity, and to any other member of the administrative board or committee, to the general manager, the secretary or any other official or administrative or managing body of this legal entity that is evidence that his actions or omissions contributed in the violation on behalf of the legal entity of its commitments, as described above.

Call for defence
and
representations.

41Jj. (1) Before proceeding to the issue of a decision towards imposing administrative sanctions according to the provisions of article 41Ih, the Commissioner is obliged to communicate in writing his intention to investigate the violation to all parties involved, to cite all reasons that justify the intention to investigate and impose administrative sanctions and indicate the rights that are provided to him by virtue of subsection (2).

(2) A person, who is notified with a document based section (1), has the right to proceed with written or oral if he so wishes, representations to the Commissioner within 21 days of the receipt of the notification:

It is provided that the aforesaid deadline may be extended in case of impediment or due to other reasonable cause.

(3) The Commissioner is obliged to take into consideration the representations described in section (2), before proceeding with the issue of his decision to impose an administrative fine.

(4) The Commissioner calls all parties involved to proceed with written or oral representations if he so wishes within a reasonable deadline as regards the level of the

administrative fine before its enforcement.

- (5) The Commissioner's decision to impose an administrative fine must be duly justified and communicated in writing to all parties involved:

It is provided that the Commissioner's decisions are subject to appeal before the Supreme Court pursuant to Section 146 of the Constitution.

- (6) The Commissioner may announce his decision to impose administrative sanctions.

Collection of administrative fine.

41K. (1) An administrative fine imposed by the Commissioner pursuant to the provisions of the present Law is calculated towards the income of the Republic.

- (2) Administrative fine imposed pursuant to the present Law by the Commissioner is collected as a monetary fine imposed by Court within the framework of its criminal jurisdiction.

False statements and concealment of evidence.

41KA A person, who knowingly, while providing any information for any of the purposes of the present Law or the Rules issued by virtue of the present Law, proceeds with false, misleading or fraudulent statements as regards substantial evidence or conceals substantial evidence or omits to submit evidence or in any way impedes the conduct of the Commissioner's investigation by virtue of the present Law, commits an offence that in case of conviction is punished by imprisonment that does not exceed five years or by a fine that does not exceed two hundred thousand euros, (€200,000), or by both of these sanctions.

L. 107(I) 2013.

Criminal and civil responsibility for offences committed by legal persons.

41KB (1) Criminal responsibility in relation to any offence provided in the present Law, and which is committed by a legal entity, is attributed, except from the legal person itself, to any of the members of the board of directors or the Committee, the general manager, the secretary or any other officer or administrative body of this legal entity that is proven to have consented to, or collaborated in, the offence.

- (2) A person who, according to the provisions of subsection (1), bears criminal responsibility for the committed offence by the legal entity, is jointly liable for all the damages caused to third parties due to the act or the omission that composes the offence.

**PART VII
INSPECTION AND AUDIT OF AFFAIRS
OF REGISTERED SOCIETY**

Inspection and
audit

- 42.(1) (a)** With the observance of the provisions of article 4C the Commissioner may, and shall on the request of the majority of the board committee of the Cooperative Credit Institution, or of not less than one - third of the members of a registered society, conduct an inspection or authorize a person in writing to conduct an inspection in respect to the establishment and generally the compliance of a registered society to the provisions of the present law or the rules which are issued under the law
- (b) In case of a registered society which is not a CCI, additionally to what is referred to in paragraph (a) of this section, the Commissioner conducts an inspection with regard to its operation and financial position.
- (c) For the purposes of paragraphs (a) and (b) all officials and members of the society, shall provide such information and data, as the Commissioner or the person authorised by him may require.
- (2) The Commissioner shall on the request of a creditor of a registered society excluding CCIs, inspect or authorize a person in writing to inspect the books of such society if the applicant-
- (a) satisfies the Commissioner that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time, and
- (b) deposits with the Commissioner such sum as security for the costs of the proposed audit as the Commissioner may require.
- (3) The Commissioner shall communicate the results of any such audit to the creditor and to the registered society in respect with whose affairs the inquiry has been made.
- (4) Where an inspection has been held under section (1) or an audit has been made under section (2), the Commissioner may apportion the costs, or such part of the costs, as he may deem appropriate, between the registered society, the

L. 107(I) 2013.

members demanding the inquiry, the former officers of the registered society, and the creditor, if any, on whose request the inquiry was made.

- (5) Any sum awarded by way of costs by virtue of this article may be recovered in the same manner as fines are recovered by virtue of any Law in force for the time being.

PART VIII DISMISSAL OF BOARD COMMITTEE OF COOPERATIVE CREDIT INSTITUTIONS

**Dismissal of the
board committee
of CCI**

- 43.** (1) According to the Commissioner's opinion, if the Committee or any member of the Committee of a registered society excluding CCIs violates any of the provisions of this Law or of the Rules issued there under, the Commissioner may either take all reasonable measures under the circumstances for securing the general interests of the society or dismiss the Committee or any member of it and appoint a suitable person or persons to manage the affairs of the society for a period not exceeding three months:

L. 107(I) 2013.

It is provided that the Council of Ministers, following the Minister's suggestion, can extend the period from time to time provided that not being extended in total over three six month periods:

It is further provided that before the period expires, the Commissioner shall convene an extraordinary general meeting of the members of the same society that proceeds in the election of another committee or other members to substitute the dismissed committee or the dismissed members. The so elected committee or members shall hold their post until the end of the office of the Committee or its dismissed members:

It is furthermore provided that during the election conducted, following the Committees dismissal or its members for the promotion of their substitutes, the committee's ceased members do not have the right to submit nomination.

- (2) According to the Commissioner's opinion, if the committee of a registered society excluding CCIs is not functioning properly, he may after giving an opportunity to the committee to state its objections, either to take appropriate measures under the

circumstances to secure the general interest of the society or to cease the committee and appoint the appropriate person or persons to coordinate the society's affairs for a period not exceeding three months:

It is provided that, for an extension of the appointed Committee's service period as well as for the procedure of electing a new one Committee or replacing the ceased members of it, the provisions of subsection (1) of the present article apply.

- (3) If at any time prior to the commencement or during the inspection or audit provided under article 42 the committee of a registered society excluding CCIs or its members might resign, so that the remaining members do not form a quorum, the Commissioner is obliged to appoint other persons to manage the affairs of the registered society for a period up to three months:

It is provided that within the above period of three months the Commissioner shall convene an extraordinary general meeting of the members for the substitution of the resigned committee or the resigned members:

It is further provided that, the so elected Committee or members shall hold their posts until the expiry of their office of the Committee that has resigned.

Application of
articles

43A. Articles 44 to 47, 49A and 49B apply only to registered societies that are not CCIs.

L. 107(I) 2013.

PART IX DISSOLUTION OF A REGISTERED SOCIETY

Liquidation

44. If after an inspection or an audit has been held under article 42, or upon the receipt of an application submitted by the three fourths of the members of a registered society that are present at a special meeting which was convened for this purpose, as long as such application is supported by a decision of the majority of the three fourths of the members of such society, taken at such special meeting, and the Commissioner is of the opinion that such society ought to be wound up, he may issue an order directing it to be wound up and may appoint a liquidator for this purpose on such terms, as he may determine.

L. 68/1987.

Liquidator's
powers

45. (1) A liquidator appointed by the Commissioner shall have power-

L. 68/1987
Table

(a) to take immediate possession of all assets belonging to the registered society and of all books, records and other documents pertaining to the business thereof and to carry on the business of such society as far as this is necessary for the beneficial winding up of the same and, for this purpose, to contract exposures;

L. 107(I) 2013.

(b) to refer to arbitration, as provided in article 52, any disputes touching the business of the society referred to in section (1) of the said article 52 other than disputes touching contributions, and to institute and defend suits and other proceedings on behalf of the registered society in his capacity as liquidator;

(c) to investigate all claims against the registered society, and, without prejudice to the provisions of this Law, to decide by order issues of priority arising between claimants;

L. 68/1987
Table

(d) to pay the claims against the registered society (including interest up to the date of the order for winding up) according to their respective priorities, if any, in full or pro rata, as the assets of such society permit. The surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of such order at such rate not exceeding the contract rate as may be fixed by him;

L. 68/1987
Table

(e) to fix the deadline or deadlines within which creditors shall prove their debts and claims or be excluded from the benefit of any distribution made before those debts or claims are proved;

(f) with observance to the provisions of the present law in cases of registered societies whose members have limited liability, from time to time to determine by order the contribution to be made or remaining to be made by the members or ex members or by the estates or nominees appointed in accordance with the rules or special regulations made to this effect or heirs of deceased members or by any officer, to the assets of the registered society, such contribution shall include the debts due from

L. 68/1987
Table
L107(I) 2013

such members or persons. Such contributions shall be determined at the discretion of the liquidator both as to persons who shall be called upon to pay and the amounts which they shall pay, but without prejudice to any right of contribution amongst themselves:

Provided that the liquidator shall not determine the contribution, debt or dues to be recovered from an ex member or the estate of a deceased member unless opportunity has been given to such member or to the legal representative of the estate to answer the claim;

(g) to determine by order by what persons and in what proportions the costs of the liquidation are to be borne; L. 68/1987
Table

(h) to arrange for the distribution of the assets of the registered society in a convenient manner when a scheme of distribution has been approved by the Commissioner. L. 68/1987
Table

(2) Any person aggrieved by any order of the liquidator made under paragraphs (c), (f), or (g) of subsection (1), may appeal to the Minister within twenty - one days from the date of such order. L. 68/1987
Table

(3) Every order issued by the liquidator is enforced in the same manner as a court order. L. 68/1987
Table

(4) [Deleted] L107(I) 2013

**Commissioner's
powers to control
the liquidation** **46.**

(1) A liquidator shall exercise his powers subject to the control and revision of the Court which may - L. 68/1987
Table

(a) annul or modify any order made by a liquidator and issue any new order that may be required;

(b) remove a liquidator from office;

(c) request that all books, documents and assets of the registered society are submitted to him;

(d) by order limit the powers of a liquidator under article 45;

(e) require that the liquidator submits accounts to the Commissioner;

- (f) procure the auditing of the liquidator's accounts and authorize the distribution of the assets of the registered society;
- (g) decide on every other raised issue similar or supplementary to the exercise of powers by the liquidator.

- (2) Without prejudice to the generality of the previous provisions applied during the liquidation of a cooperative society, the provisions of the Companies Law regarding the creation of charges during the liquidation of companies apply proportionately:

Ch. 113
L9 /1968
L76/ 1977
L17/1979

Provided that for matters for which there is no special provision in the Cooperative Societies Laws and Regulations, the provisions of Companies Law in respect of the priority of the payment of debts to persons are applied.

L.22(I) 1992

Calling of
Witnesses

- 47.** The Commissioner and every person authorised by the Commissioner to hold an inspection or an audit by virtue of article 42 and any liquidator appointed by the Commissioner by virtue of the provisions of this Law or the Rules shall be empowered to summon and enforce the attendance of the interested parties and of any witness, to examine witnesses on oath and to compel the presentation of books and documents in the same manner as far as possible and with the same powers as those possessed by a Court.

L. 68/1987
Table

Liquidation of CCI

- 47A.** (1) With observance to the provisions of article 49, a CCI's liquidation is performed, based on the articles 33A to 33N of the Business of Credit Institutions Law, as amended and replaced.

L. 107(I) 2013

- (2) For the purposes of section (1) "official receiver" and "Commissioner" means the Commissioner of the Authority for Cooperative Societies.
- (3) The present article is applied for the liquidation of CCIs that commence after the date that the Cooperative Societies (Amending) (N.4) Law of 2013 is entered into force.
- (4) The covered creditors as provided in article 2 of the Covered Bonds Law, as amended and replaced, shall not submit their claims individually to the liquidator of a CCI and the right for the submission of such claims to the liquidator is provided only to the administrator of the covered bonds' operations, as provided by article 2 of the Covered Bonds Law of 2010, who submits to the liquidator the claims of the covered creditors on a total basis.

L. 107(I) 2013

- Cancellation of registration** **48.** As soon as the affairs of a registered society are wound up, the Central Bank should notify the Commissioner for the end of the liquidation process as regard CCIs and the Commissioner shall immediately issue an order cancelling the registration of such society and the society shall be dissolved from the date of such order. L. 107(I) 2013
L. 68/1987 Table
- Termination of Liquidation** **49.** (1) During the liquidation of a registered society, its capital, including reserve capital, shall be disposed, primarily for covering the liquidation costs, secondarily for the payment of the society's liabilities and finally for the payment up to the nominal value and at the same level of the ordinary shares and the preference shares. L. 107(I) 2013
- (2) Regarding CCIs after the disposal of capital for the purposes described in section (1), any remaining balance will be distributed at the same level to ordinary shareholders and, if its provided by their issuance terms, to preference shareholders.
- (3) Regarding a registered society, that is not a CCI, after the disposal of capital for the purposes described in section (1), any remaining balance that is attributable to ordinary shares shall not be distributed to ordinary shareholders, but this balance shall be disposed of for the purposes described by the society's special regulations that their registration had been cancelled, and, if no purpose is described, the remaining balance will be deposited by the Commissioner to a bank or to a registered society until another society is registered in the same area and this balance shall be transferred to the new society for the purpose of forming a reserve capital by virtue of the Rules:
- It is provided that in case of liquidation of a registered society the members of which are registered societies, the remaining balance may be distributed to those registered societies in a manner described by the specific regulations of the society whose registration had been canceled:
- It is further provided that any remaining balance attributable, if provided by their issuance terms, to preference shares shall be distributed at the same level to their holders.
- Suspension of liquidation order** **49A.** (1) The Commissioner may at any time following the issuance of liquidation order, by application of the liquidator or any other L. 68/1987

member or creditor of the registered society suspend indefinitely or for a specified time limit the liquidation order on such terms as he may think fit and as long as he is satisfied that the best interests of the creditors as well as of the members of the registered society and also of the co-operative movement are better served if it is permitted to the society under liquidation to continue its activities.

- (2) Every application to the Commissioner for suspension of the liquidation order shall be accompanied by a statement showing the assets and liabilities of the society and shall be accompanied by a report including all the matters and facts which support the suspension of liquidation.
- (3) Order of suspension of liquidation issued by the Commissioner shall be published forthwith in the Press and it and shall enter into force from the date of such publication.

Settlement
Plan.

49B. (1) The Commissioner may, on the request of the registered society or its members or its creditors convene a special general meeting of the Members of the Society during which, if with an absolute majority the members decide in favor of settlement instead of liquidation, then the committee of the society proceeds to the preparation of a written Settlement Plan which it submits to the Commissioner.

L. 68/1987

- (2) A Settlement Plan submitted to the Commissioner shall contain all the necessary information and details as to the assets and liabilities of the society, the percentage which shall be paid to the creditors if the Plan is approved and the time of repayment as well as a Report as to the viability of the society.
- (3) No Settlement Plan is approved by the Commissioner if it appears that there was no compliance with the provisions of the Law or that it would not be fair or right under the circumstances to avoid liquidation of the society through the Settlement Plan or even because the proposed settlement through the plan is such so it is not reasonable to expect that it will be accepted.
- (4) As long as the Commissioner considers the suggested Settlement Plan reasonable, he convenes an extraordinary general meeting of the Members where the Creditors are called to attend.
- (5) Every notice for the call of the meeting provided for in section

(4) will provide that each member and each creditor may receive a copy of the Settlement Plan from the registered Offices of the society and at any working time following the service of the notice.

- (6) If the Settlement Plan is approved by the meeting provided for in section (4) as is provided in this subsection, then the Settlement Plan shall be ratified by the Commissioner and shall bind the society, its members and its creditors from its publication in the Press:

It is provided that no Settlement Plan is considered as approved by the Meeting, unless it is approved by a majority of at least three-quarters of the members, and of the creditors representing the three quarters of the total amount of credits, as if these majorities were taken at separate meetings of its members and its Creditors.

- (7) No provision contained in this Law affects the rights of the secured creditors of the society:

It is provided that any secured creditor has the right to participate in the Settlement Plan by giving his written consent to the society and the Commissioner.

- (8) Every secured creditor who consents and wishes to participate in the Settlement Plan is obliged as soon as he is asked after the publication of the approved Settlement Plan and on such terms and indemnities which will be contained in the Plan, to assign his rights to the Committee of the Society for the purposes of the Settlement Plan, under any charge he possess on the property of the Society.

- (9) The term "settlement" includes also the contribution of money by the members for the purposes of the settlement and the reduction or restructuring of the Share capital of the Society resulting therefrom.

Special liquidation
of cooperative
credit institution **49BA.**

[Deleted]

L.107(I) 2013

PART X MERGER OF SOCIETIES

L.171(I) 2000

Merger of Societies 49C. (1) Two or more registered societies which are not CCIs may merge into one by majority decision of its present members either these are present at the assembly, or through an authorized person in writing as determined by the Commissioner, made at an extraordinary general meeting formed as provided below:

L. 107(I) 2013

- (a) In case the society consists of less than hundred members it is demanded that 80% of the members be present.
- (b) In case the society consists of more than hundred members but not over two hundred members eighty members are demanded to be present.
- (c) In case the society consists of more than two hundred members but not over five hundred members a hundred and fifty members are demanded to be present.
- (d) In case the society consists of more than five hundred members but not over one thousand members two hundred and fifty members are demanded to be present.
- (e) In case the society consists by more than one thousand members but not over two thousand members four hundred members are demanded to be present.
- (f) In case the society consists of more than two thousand members but not over four thousand members seven hundred and fifty members are demanded to be present.
- (g) In case the society consists of more than four thousand members but not over four thousand members one thousand members are demanded to be present.

(2) Two or more CCIs may merge into one with a decision taken by each CCI at an extraordinary general meeting in which, irrespective of the provisions of section (1A) of article 15 that:

- (a) at least forty persons which are owners of ordinary shares are present in case of CCI which consists of less than two thousand persons which are owners of ordinary shares, or
- (b) at least eighty persons which are owners of ordinary shares are present in case of CCI which consists of two thousand persons which are owners of ordinary shares or more:

It is provided that in the case of CCI which consists of less than forty (40) owners of ordinary shares, it is required to be personally present at least the eighty per cent (80%) of the owners of these shares:

L. 107(I) 2015

It is further provided that, without prejudice to the provisions of paragraph (a) and (b) and the previous reservation, decisions in accordance with the provisions of the present section of special general meetings are taken by simple majority of the ordinary shares which are represented either by their owner or by representative in accordance with the instructions of the Commissioner

(2A) One or more registered societies which are not CCI which consist of enterprises offering subsidiary services within the spectrum of article 4 of the Regulation (EE) 575/2013 of European Council and the Council of 26/6/2013 in relation with the requirements of anticipatory supervision for credit societies and investment enterprises and the amendment of the regulation (EE) N.648/2012, and one or more registered societies which are CCI may merge in one society with a decision which is taken separately by each registered society in a special general meeting, for which-

L. 107(I) 2015

- (a) In the case of registered society which is not CCI the provisions of paragraph (1) are implemented and
 - (b) In the case of registered societies which are CCI the provisions of paragraph "2" are implemented.
- (3) Mergers among CCIs according to the present Part are performed after taking into consideration the viability of the involved CCIs and in compliance with the provisions of article 6 and generally with the provisions of the present Law.
- (3) Mergers among registered societies that are not CCIs according to the present Part are performed after taking into consideration the economic and operational condition of the accepting and the transferring society and in compliance with the provisions of article 6 and generally with the provisions of the present Law and with the general interests of the cooperative movement.
- (4) Mergers between registered societies which are not CCI and registered societies which are CCI in accordance with the provisions of section (2A) take place, taking into consideration –
- (a) With regards to a registered society which is not CCI the financial and functioning condition, in accordance with the provisions of article 6 and

L.107(I) 2015

generally the provisions of the present Law and the general interests of the co-operative movement and

(b) As regards CCI the viability of the CCI implementing the provisions of article 6 and generally the provisions of the present Law.

Transfer of
assets and
liabilities of one
society to
another

49D. (1) A Registered Society based on a decision taken in its extraordinary general meeting, as provided for in the article 49C, which is called by its board committee or its council, proceeds with a written agreement to transfer to another registered society, whose extraordinary general meeting which is called by its board committee or its council has taken decision, as provided by article 49C, to accept the transfer, without exceptions, of all its assets and liabilities:

L. 23(I) 2014

It is provided that the transferring society brings to the notice of all its depositors and its creditors the decision of its extraordinary general meeting:

It is further provided that the decisions of the extraordinary general meetings of the accepting and the transferring society are brought into the notice of the Commissioner within (5) five days after every assembly.

(2) Observing the provisions of paragraph (3) the written agreement for the transfer and the date that the transfer comes into force, the Commissioner proceeds to the registration, provided that all were done in accordance with the provisions of this Law:

L. 23(I) 2014

It is provided that the Commissioner cannot register any other date to be in force for the transfer than the one specified by the Central Bank by virtue of section (3).

(3) In case of CCI the Commissioner proceeds to the registration of the written agreement of the transfer, provided the approval of Central Bank is given and all the provisions of the present Section are complied with:

L. 107(I) 2015

It is provided that the Central Bank with its above approval, specifies the date during which the transfer shall be in force, which may be previous, the same or later than the date of the registration of the written agreement by the

Commissioner so as to be in line with the current facts from time to time which determine the possibility of materializing the transfer.

(4) After the registration of the agreement for the transfer and the date it comes into force and the license of operation is revoked by the Central Bank, in case of CCI, the Commissioner issues an order which cancels the registration of the transferring society which is liquidated from the date of the issue of this order. L.23(I) 2014

(5) For the purposes of the present article in the assets and liabilities that are transferred from one registered society to another, include the cover and the obligations against the cover creditors in accordance to the provisions of the Covered Bonds Law of 2010. L.107(I) 2013

Written transfer agreement **49E.** (1) For the purposes of article 49D of the present Law, immediately after the lapse of (15) fifteen days from the notification of the decision of the extraordinary general meeting of the transferring society to its depositors and creditors, the written agreement of transfer is signed at least by the majority of the members of the board committee both of the accepting and the transferring society and is submitted to the Commissioner within (10) ten days from the date signed. L.23(I) 2014

(2) Irrespective of any other provision of the present section, in case that the written agreement of transfer was not submitted to the Commissioner the written agreement of transfer signed as provided by this Law and/or within the time limits as specified in paragraph (1), the Commissioner may proceed to register the transfer in accordance with the decisions of the extraordinary general meetings of the accepting and the transferring societies, which for the purposes of the present Section will both be considered to be the “written transfer agreement”:

It is provided that for the purposes of this section it is submitted to the Commissioner signed by the chairman of each general meeting the content of the decisions of the extraordinary general meetings of the accepting and the transferring society printed and within the time limits that are defined by the Commissioner.

Validation of transfer **49F.** (1) The registration of the transfer agreement combined with the date that the validity of the transfer agreement comes into force as it is anticipated in the provisions of paragraph (2) L.23(I) 2014

and (3) of article 49D, constitute satisfactory evidence of the transfer of all the assets and liabilities of the transferring society to the accepting society as well as that the accepting society succeeds the transferring in total in all its rights and commitments and that all its transactions, the agreements and its other documents continue to be in force:

It is provided that irrespective of the provisions of any law or regulation, in cases of any pending Court judgment or arbitration procedure or procedure in the presence of a district Land Registry Office or substitution of the title of the transferring Society with the title of the accepting society for the purposes of the pending procedures, it is carried out by the filing of a relevant notification by the accepting society to the local Registrar or the Commissioner or to the district Land Registry Office respectively.

- (2) The members and shareholders of the transferring society become members and shareholders of the accepting society on the date that the transfer agreement comes into force. L. 23(I) 2014
- (3) The transfer according to article 49D of the present Law does not affect any creditor's right.
- (4) Within the period of fifteen (15) days from the date of the registration of the transfer agreement, the accepting society informs in writing every creditor of the transferring society, about the transfer and the date which comes into force, as well as the name and address of the accepting society. L. 23(I) 2014

PART XI

LIABILITY OF OFFICIALS DURING LIQUIDATION

L.171(I) 2000

Power of
Commissioner to
order return of money
etc

50. (1) When, in the course of the winding up of a registered society, excluding CCIs, it appears that any person who has taken part in the organisation or management of such society or any official or ex official of the society has misapplied or retained or became liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the Commissioner may, upon request of the liquidator or of any creditor or any person contributory to the damage, examine into the conduct of such person and issue an order requiring him to repay or refund the money or property or any part thereof with interest at such rate

L. 68/1987
Table
L.107(I) 2013

as the Commissioner may think fair or to contribute such sum to the assets of such society by way of compensation with regard to the misapplication, retainer, dishonesty or breach of trust as the Commissioner may think fair.

- (2) This article shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

PART XII SEIZURE OF PROPERTY

L.171(I) 2000

Issue of interim
order, etc.

- 51.** When the Commissioner is satisfied that any person with intent to cancel or delay the application of any order that may be issued against him by virtue of article 45 or 50 or of any decision in the case of arbitration until the resolution of the dispute, and this person is about to provide all its property or part, the Commissioner may, unless adequate security is furnished, proceed to the issue of an interim order preventing the alienation of such property/

L. 68/1987
L.171(I) 2000

It is provided that the Commissioner, according to his judgment and after taking into consideration any oral or written representations of the affected person, may partly cancel the order before its expiration according to his judgment:

L. 118(I) 2011

It is further provided that the interim order is subject to hierarchical appeal as provided in article 56, but its execution is not recalled, despite the provisions of section (5) of article 56.

PART XIII RECOVERING MEASURES

L. 171(I) 2000

- | | | |
|--|-------------|-----------|
| Recovering
measures | 51A. | [deleted] |
| Commencement of
liquidation | 41B. | [deleted] |
| Consequences of
recovering measures | 41C. | [deleted] |
| Reorganization and
recovering plans | 41D. | [deleted] |

**PART XIII
ARBITRATION**

L. 171(I) 2000

Arbitration of
disputes

52. (1) With the observance of the provisions of the Establishment and Operation of a Common Body for the Out-of-Court Settlement of Disputes of Financial Nature Law, as amended or replaced, as well as the Central Bank's Code of Conduct issued by the Central Bank based on the Business of Credit Institutions Law, as amended and replaced, towards the credit institutions and the borrowers regarding the management of loans and other credit facilities in arrear, when any dispute related to the operations of a registered society arises-

L. 107(I) 2013

L. 84(I) 2010

- (a) between members, ex members, persons claiming through members, depositors, debtors or their guarantors; or
- (b) between a member, ex member or person claiming through a member, ex member or deceased member or depositor, debtor or customer and the society, its committee or its council or any officer, agent or employee of the society; or
- (c) between the society or its committee or its council and any officer, agent or employee of the society; or
- (d) between the society and any other registered society,

such dispute shall be referred by the registered society or by any of the above persons to the Commissioner:

It is provided that-

- (a) The provisions in the present article shall under no circumstances impede a registered society or any other person from appealing to any competent court within the Republic or in another state against anyone;
- (b) Any demand or claim of a registered society that has been accepted or has not been contested is considered a dispute that concerns the operations of a registered society within the context of the present section.

- (2) The Commissioner may, on receipt of the reference by virtue of subsection (1):
- (a) attempt settlement of the dispute, or
 - (b) To refer any dispute for settlement to arbitration which is carried out in accordance with the provisions of the Rules which are issued in accordance of section (6) or until their issue, in accordance with the provisions of the Arbitration Law and the provisions of the Rules 78 and 79 of the Co-operative Societies Rules, of 1987 up to 2012.

L. 122(I) 2014
Ch. 4.
- (3) In the case of a reference of a dispute by the Commissioner to an arbitrator or arbitrators for settlement, the Commissioner shall have power to define his or their remuneration.
- (4) Any party aggrieved by the decision of the arbitrator or arbitrators may appeal to Court within twenty one (21) days from the date of the notification to him of the decision.
- (5) If any decision by the arbitrator or arbitrators, according to subsection (2), has not been appealed at court, according to subsection (4), or the appeal is abandoned or withdrawn, the arbitration decision is final and executed in a way similar as if it was a civil court's decision.
- (6) The procedure of appointing the arbitrator or arbitrators and the way of determining and collecting the costs relevant to the settlement of the dispute and generally any issue which is receptive to determination for the purposes of the present article, is regulated by Rules which are issued by the Council of Ministers within (6) months from the date that the Co-operative Societies amended (N.2) Law of 2014 comes into force provided the Central Bank's concession is secured:

L.122(I) 2014
L. 122(I) 2014

It is provided that the provisions of section (3) of article 53 are applicable and in relation to Rules which are issued by virtue of the provisions of the present section.

PART XIV RULES

L.140(I) 2000
L.171(I) 2000

- Rules **53.** (1) With the observance of the provisions of article 4C (5), the Council of Ministers may issue Rules for the better implementation of the provisions of the present Law and for the determination of every issue which requires or is receptive to determination. L. 107(I) 2013
- (2) In particular and without prejudice to the generality of section (1), such rules may -
- (a) determine the terms to be complied with for the registration of a society and the procedure to be followed at the submission of the application for the registration of a society,
 - (b) determine the terms to be complied with by the persons applying for admission or admitted as members of the society and provide for the election and admission of members and for the payments to be made and for the interests to be acquired before exercising the rights of membership,
 - (c) provide for the withdrawal and expulsion of members, and for the payments to be made to members who withdraw or are expelled, and for the liabilities of ex members,
 - (d) determine the extent to which a registered society may limit the number of its members,
 - (e) provide for the method the value of a deceased member's interest shall be ascertained, and for the appointment of a person to whom such interest may be paid or transferred,
 - (f) With the observance of article 7, determine the maximum number of shares or portion of the capital of a registered society which may be held by a member,
 - (g) determine the terms under which profits may be distributed to the members of a registered society with unlimited liability, and the maximum rate of dividend which may be paid by registered societies,
 - (h) regulate the manner in which funds may be raised by means of shares or otherwise,
 - (i) provide for members' general assemblies and for the procedure at these assemblies and the powers to be

exercised by such assemblies,

- (j) provide for the appointment, suspension and removal of the members of the committee and council and other officials of registered society which is not CCI and for the procedure at meetings of the committee and council and for the powers to be exercised and the duties to be performed by the committee and council and other officials, L. 107(I) 2013
- (ja) determine the matters in respect of which a registered society may or shall make special regulations, and for the procedure to be followed in making, amending, substituting and revoking special regulations, and the conditions to be satisfied prior to such making, alteration, substitution or revocation, L. 107(I) 2013
- (jb) determine the accounts and books to be kept by a registered society, and provided for the periodical publication of a balance sheet showing the assets and liabilities of a registered society,
- (jc) provide for the audit of the accounts of registered societies and for the charges, if any, to be paid for such audit without prejudice of the provisions of article 19,
- (jd) determine the reports to be submitted by registered societies to the Commissioner, the persons by whom and the form in which these shall be submitted,
- (je) determine for the persons by whom, and the form in which, copies of the entries in the books of the registered societies may be certified,
- (jf) provide for the formation and maintenance of a register of members, and where the liability of the members is limited by shares, of a register of shares,
- (jg) provide for the formation and the maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of any registered society,
- (jh) [Deleted]** L. 107(I) 2013
- (ji) prescribe the procedure to be followed by a liquidator

appointed under section 44,

(k) concerning registered societies which are not CCIs determine the conditions to be complied with by members applying for exposures, the period for which exposures may be made, and the amount which may be lent to an individual member, and L. 107(I) 2013

(ka) concerning registered societies which are not CCIs provide for the writing off of bad debts, L. 107(I) 2013

(kb) [Deleted] L. 107(I) 2013

(kc) prescribe the form of any application, charge register or assignment for the purposes of this Law and the fees to be paid in connection therewith,

(kd) determine the establishment of Advisory Councils and a Coordinating Committee and for their powers and functions,

(ke) determine the compulsory transfer of shares from a registered society to another,

(kf) determine the division of the reserve fund of a registered society between two or more such societies,

(kg) determine the manner of application and examination of an appeal under any of the provisions of this present law,

(kh) to provide for the notification of the Commissioner in respect of any corporate changes of the registered societies and to determine the terms and conditions of submitting the relevant data and information. L. 107(I) 2013

(ki) [Deleted] L. 107(I) 2013

(3) Rules which are issued by virtue of the present article are submitted with the House of Representatives. If, thirty days after such submission, the House of Representatives with its decision neither amends nor annuls the said submitted Rules in whole or in part, then these, immediately after the expiry of the above deadline, are published in the Official Gazette of the Republic and enter into force from such publication. In case of any amendments in whole or in part by the House of

Representatives, they are published into the Official Gazette of the Republic as amended by it, and enter into force.

53A. (1) [deleted]

L. 107(I) 2013

(2) [Deleted]

(3) [Deleted]

(4) [Deleted]

(5) With the observance of article 4C in case in which the Commissioner, in the course of exercising the authorities or duties he has by virtue of the present Law or the rules, he ascertains that any registered society:

L. 107(I) 2013

(a) Infringes or omits to comply with any lawfully circulars issued by the Commissioner to registered societies, or

(b) Infringes or omits to comply within reasonable time limit or, if no limit, within reasonable timing boundaries with any legally imposed or directed to this demand or warning of the Commissioner, or

(b) While complying with any circular, requirement or warning of the Commissioner or to any provision of the present Law or to any Rule issued according to the present Law, provides and shows any misleading, inaccurate or missing data and information he knew or should have known they do not respond to reality,

the Commissioner, after calling the registered society to account, he has power to impose for every offense an administrative fine from a five hundred (€500) to five (€5.000) thousand euros, depending to the significance of the offence, and in case the offence is continued the Commissioner has the power to impose an administrative fine, according to the significance of the continuance of the offence, from fifty (€50) to two hundred and fifty(€250) euros for each day of continuing the offence.

**PART XV
DEBTS DUE TO GOVERNMENT**

L. 171(I) 2000

Collection of
debts due to the
Government.

54. (1) All sums due from a registered society, or officer or member or ex member of a registered society as such to the Government,

including any costs awarded the Government under article 42, may be recovered in the same way as arrears of revenue.

- (2) Sums due from a registered society to the Government and recoverable under subsection (1) may be recovered, firstly from the property of such society; secondly, in the case of a registered society of which the liability of the members is limited, from the members, or, if they are deceased, from their estates, subject to the limit of their liability; and thirdly, in the case of other registered societies, from the members or, if they are deceased, from their estates.

PART XVI MISCELLANEOUS

L. 171(I) 2000

Forbidden use of
the word
"cooperative"

- 55.** (1) No person, other than a registered society, shall, without the sanction of the Council of Ministers, trade or carry on business under any name or title of which the word "cooperative" forms part:

It is provided that none of the provisions of this section shall apply to the use by any person or his successors in interest of any name or title under which he traded or carried on business prior to 12th of May, 1923.

- (2) Any person who contravenes the provisions of this section is guilty of a criminal offence and shall be liable to a fine not exceeding —seven hundred and fifty pounds and to a further fine of not exceeding a hundred and twenty five pounds for each day on which the offence is continued after conviction therefore.

Hierarchical
Appeal

- 56.** (1) Any person not satisfied by any of the Commissioner's decisions issued by virtue of the provisions of the present Law, may within fifteen days from the communication to him of the decision, contest the decision to the Minister by a written request, stating the reasons that support the same.

L.123 (I) 2003
L.107(I) 2013

- (2) The Minister shall examine the appeal made to him and without delay shall decide for it and shall notified forthwith his decision to the appellent.
- (3) The Minister before the issuance of his decision may at his

discretion listen to or give the opportunity to the appellant to support the reasons his appeal is based on.

- (4) The Minister may assign an officer or a committee of officers of his Ministry, to examine certain matters referred to in the appeal and submits to him the result of such examination before the issue of the Minister's decision on the appeal.
- (5) Any person not satisfied by the decision of the Minister may appeal to the Court, but until the issue of the Minister's decision, in case of appeal to him, or, in case of no appeal to him, until the expiration of the time limit prescribed in subsection (1) for filing of an appeal, the decision of the Commissioner is not enforceable.
- (6) None of the provisions of this section shall prejudice in any way, any case pending before the court at the beginning of the enforcement of this Law.

Offences and
fines

57. (1) When a registered society or any of its officials:

- (a) fails to give any notice or send any report or document or do or allow to be done any act or thing which is required by this Law or the Rules issued there under;
- (b) willfully refuses or omits to do any act or to furnish any information required by the Commissioner or other Authorised person for the purposes of this Law or of the said Rules;
- (c) does anything forbidden by this Law or by the Rules;

L. 107(I) 2013

is subject to the provided by article 41JH administrative sanctions.

- (2) When a registered society or any of its officials willfully furnishes false or insufficient returns or information, commits an offence that in case of conviction is punished by imprisonment that does not exceed two years or by a fine that does not exceed one hundred thousand euros, (€100,000), or by both of these penalties.

Responsibility of
the board
committee
members of the
CCI regarding
annual accounts
and annual
management
report.

57A. (1) The members of the board committee of a registered society, acting based of their responsibilities under the cooperative law, have collectively the duty and responsibility towards the society of ensuring that the annual accounts and statements

L.85(I) 2010
L.107(I) 2013
L.122(I) 2014

and, where applicable, the consolidated annual accounts and statements are prepared and published in accordance with the International Accounting Standards and the provisions of article (2).

- (2) Notwithstanding the provisions of paragraph (1), registered societies have the obligation to present separately in their annual and consolidated accounts the total fees imposed by the registered auditors during the financial year for the statutory audit of the annual accounts, the total fees for other services of verification, the total fees for the tax consultation services and the total fees imposed for other non-audit services.
- (3) The members of the committee of a registered company, acting based on their responsibilities under the cooperative law, have collectively the duty and responsibility towards the society of ensuring that the annual report is prepared and published as follows:
 - (a) The annual report is prepared by the board committee of the registered society and includes data which at a minimum present the real picture of the development and the performance of the operations of the registered society and its position, and also a description of the primary risks and uncertainties faced:

It is provided that this picture should give a balanced and summary analysis of the development and the performance of the operations of the registered society and its position, which corresponds to the size and complexity of its operations.
 - (b) For understanding the development of the operations, performance or the position of the registered society, the analysis includes financial-economic as well as nonfinancial basic ratios, including data relating to employment and environmental issues.
 - (c) Within the framework of this analysis, the annual report includes, where appropriate, reports and additional explanations for the amounts included in the annual and consolidated accounts.
 - (d) The report should also provide indications for-
 - (i) every important event which occurred after

the end of the financial year,

- (ii) the forecasted development of the operations of the registered society,
 - (iii) the activities in the research and development area,
 - (iv) the existence of branches,
 - (v) the risks that the registered societies face and ways to confront and manage them.
 - (vi) Without prejudice to the provisions of subparagraph (v), especially in relation to the use of financial means by the registered society and in the extent required for the correct valuation of the asset and liabilities' items, the financial condition and the profit and loss account, the report should include indications for-
 - (1) the targets and the policies of the registered society regarding the management of financial risk, including its policy for the hedging of every important type of proposed transaction for which practices, procedures and accounting hedging are applicable, and
 - (2) that the registered society is exposed to price fluctuations risk, credit risk and liquidity risk.
- (e) The registered auditors express their opinion regarding as to whether the annual report is in line with the annual and consolidated accounts of the same financial year.
- (f) Exempted from the obligation of preparing the annual report, are registered societies which are not CCIs, and which at the date of preparing the balance sheet do not exceed the limits of at least two of the following criteria:

- (i) total assets: 4.400.000 euro,
 - (ii) total turnover: 8.800.000 euro,
 - (iii) an average number of employees during the financial year: 50 persons
- (g) Exempted from the obligation provided in section 3(b) regarding the nonfinancial information are registered societies which are not CCIs, and which at the date of preparing the balance sheet do not exceed the limits of two at least of the following criteria:
- (i) total assets: 17.500.000 euro,
 - (ii) total turnover: 35.000.000 euro,
 - (iii) an average number of employees during the financial year: 250 persons
- (4)(a) (i) With the observance to the provisions of subparagraph (ii), registered societies ensure that, within a period of six (6) months from each financial year's end, the audited annual and consolidated accounts, the annual report and the audit report are made available, at their registered office, to their members and the public. A copy of these is provided through an ordinary application and the price is not allowed to exceed their administrative cost which is determined by the Commissioner.
- (ii) CCIs shall comply with the relevant provisions of the the Business of Credit Institutions Law, as amended or replaced.
- (b) The annual and consolidated accounts and the annual report published according to paragraph (a) must have the format and content based on which the registered auditors have conducted their report.
- (c) Together with the annual and consolidated accounts and in the same manner the following should be published:
- (i) The suggested distribution of profits or the cover of losses,

(ii) The distribution of profits or cover of losses provided that these data do not appear in the annual and the consolidated accounts.

(5) Every registered society submits to the Commissioner, within the period anticipated in paragraph (a) section (4) of the annual and consolidated accounts, the management report and the Auditors report and in the case of CCI submits the same documents to Central Bank as well as specified in paragraph (1) of article 24 of the Business of Credit Institutions Law.

L. 122(I) 2014

Inapplicability of provisions of the Companies Law, and the Trade Unions Law

58. The provisions of the Companies Law, and the Trade Unions Law, shall not apply to societies registered or deemed to have been registered under this Law except where it is specifically defined in the present law.

Ch.113
L9 /1968
L76 /1977
L17 /1979
L71 /1965
L22 /1970
L.107(I) 2013

Reservation

59. (1) Every society registered or deemed to have been registered under the provisions of any of the Laws repealed by this Law and whose registration subsists at the date of the commencement of this Law shall be deemed to have been registered under this Law and the special regulations of such society shall, so far as they are not inconsistent with the provisions of this Law, continue to be in force until amended, substituted or revoked by any special regulations made under this Law.

(2) All Rules made under any of the laws hereby repealed and in force at the time of the commencement of this Law, shall, in so far as they are not inconsistent with the provisions of this Law, be deemed to have been made under this Law and shall continue to be in force until amended, substituted or revoked by Rules made under this Law.

(3) In accordance to all provisions of laws repealed by this Law, all appointments and orders so made, notifications and notices so issued, and lawsuits and other proceedings so stipulated as well as all appointments, and orders made, notifications and notices issued, and suits and other proceedings which were made, are considered to be initiated, issued or initiated by virtue of any of the laws repealed by this Law shall be considered to be, so far as may be possible, made, issued or initiated by virtue of this Law and are subject to amendment,

L.171(I) 2000

substitution or abolished by their issuer according to each case.

- (4) Where in any law reference is made to a cooperative society or to a cooperative credit society registered under the provisions of any of the laws repealed by this Law such reference shall be deemed to apply to a society registered or deemed to have been registered under this Law.

Repeal	60. The Cooperative Societies Laws are repealed from the date of commencement of this Law.	Ch. 114 L.28/1959
Enforcement of present Law	61. This Law enters into force from the 1 st of August 1987, unless the Council of Ministers by notification published in the Official Gazette of the Republic may otherwise define.	L.68/1987

APPENDICES

Cooperative Credit Institutions- List of services, activities and financial means (Articles 41A and 41C)

1. Acceptance of deposits or other repayable capitals.
2. Granting of credit, which includes among others:
 - (a) The consumers' faith;
 - (b) The mortgagor's faith;
 - (c) Factoring with or without the right of reduction;
 - (d) The financing of the commercial transactions (including forfeiting).
3. Leasing
4. Payment services, with the meaning that is given to this term by article 2 of the Payment Services Law.
5. Issuance and management of payment means, including travelling cheques and banker's drafts, to the extent that such activities are not covered by point 4 as above.
6. Guarantees and revoking of obligations.
7. Transactions on behalf of the society or its clientele-
 - (a) Means of the finance market (cheques, bills, debentures, etc.);
 - (b) Purchase of currency;
 - (c) Financial contracts of future fulfillment or options;
 - (d) Means which are relevant to currency and interest rates;
 - (e) Securities.
8. Participation in the issuance of titles and provision of related services.
9. Provision of advices to enterprises regarding the restructuring of the capital, the industrial strategy and related issues, as well as the provision of advices and services in the area of mergers and acquisitions.

10. Mediating during the interbanking purchases.
11. Management of the portfolio or the provision of advices for the management of the portfolio.
12. Custody and management of securities.
13. Commercial information.
14. Leasing lockers.
15. Services and activities that are provided for in Sections A and B of the Table, in relation to the financial means that are provided for in Section C of the Table and
16. Issuance of electronic money.

TABLE

INVESTING SERVICES AND ACTIVITIES AND FINANCING MEANS

Section A

Investing Services and activities

1. Reception and transferring of orders in relation to one or more financing means.
2. Implementing orders for the account of clients.
3. Negotiations for the same account.
4. Management of portfolios.
5. Investment advices.
6. Factoring and/or the placement of financial means with cash commitments.
7. Placement of financial means without cash commitment.

8. Operation of multiple commitment mechanism.

Section B

Accessory Services

1. Custody and management of financial means for the accounts of clients, including trust and related services, like the management of financial available/supplied securities.
2. Provision of credit or loans to an investor in order to carry out transactions in one or more financial means, in which the business is involved which provides the credit or the loan.
3. Provision of advices to businesses in relation to the restructuring of capital, the departmental strategy and related issues, as well as advices and services in relation to mergers and acquisitions.
4. Services of foreign currency since they are collateral to the provision of investment services.
5. Research in the area of investments and financial analysis or other forms of general recommendations that are relevant to transactions in financial means.
6. Services related to factoring
7. Investing services and activities, as well as other accessory services of the type referred to in Section A or B of the present Table in relation to the subject means which are included in points 5, 6, 7 and 10 of Section C since they are related with the provision of investment or accessory services.

Section C

Financial Means

1. Transferable securities.
2. Means of the Financial Market.

3. Shares of organizations of collective investments.
4. Contracts of option rights, contracts of future fulfillment, swaps, forward-rate agreements and other derivative contracts relating to securities, currencies, interests or yields or other derivative instruments, financial indices or other financial means receptive of liquidation by physical delivery or cash available.
5. Contracts of options rights, contracts of future fulfillment, swaps, forward-rate agreements and every other derivative contract relating to commodities, that shall or may be liquidated by cash available at the option of one of the contracting parties (but not by reason of default or other cause which brings about the termination of the contract).
6. Contracts of option rights, contracts of future fulfillment, swaps and every other derivative contract relating to commodities that can be liquidated by physical delivery, only if they are traded on a regulated market and/or Multilateral Trading Facility.
7. Contracts of option rights, contracts of future fulfillment, swaps, forwards and every other derivative contract relating to commodities that can be liquidated by physical delivery, if not otherwise mentioned in paragraph 6 of this Section and are not meant for commercial purposes and which have the characteristics of other derivative financial instruments regarding, inter alia, to whether they are subject to liquidation or settlement through recognized set-off offices or on regular calls for margin coverage.
8. Derivative instruments for the transfer of credit risk.
9. Financial contracts for differences.
10. Contracts of option rights, contracts of future fulfillment, swaps, forward-rate agreements and every other derivative contract relating to climate variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be liquidated by cash available or may be liquidated by cash available at the option of one of the contracting parties (but not by reason of default or other cause which brings about the termination of the contract) and every other derivative contract relating to assets, rights, obligations, indices and measures, if not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments

regarding, inter alia, to whether they are traded on a regulated market and/or Multilateral Trading Facility, subject to be liquidated or settled through recognized set-off offices or on regular calls for margin coverage.

Note

22 of N171(I)/2000 This Law comes into force

This Law comes into force by its publication in the Official Gazette of the Republic, with exception of Article 3 of thereof, which shall come into force on January 1st, of 2002.

Note

16 of N.123(I)/2003 Transitional provision regarding the Cooperative Development Department

Every person who immediately prior to the date this Law came into force was serving in the Cooperative Development Department, is considered for the purposes of this Law, a member of the staff of the Office of Cooperative Societies:

L. 123(I) 2003

Provided that the same applies to persons recruited to the Office of Cooperative Societies for the filling of vacant positions of the Cooperative Development Department.

Note

17 of N.123(I)/2003 Transitional provision regarding registered societies which engage in credit institution operations at the date this Law came into force [i.e. of N.123(I)/2003]

Notwithstanding the provisions of Part VIA, which is provided in the Cooperative Societies (Amendment) Law of 2003, a registered society which, immediately prior to the date this Law came into force [i.e. of N.123(I)/2003] was carrying out credit institutions' operations, is authorized to carry out deposit taking operations in the Republic as long as-

L. 123(I) 2003

(α) Complies with the provisions of this article; and

(β) No later than December 31st of 2007, to receive an operation license:

Provided that these societies do not have the right to establish or provide cross-border operations in a Member

State, before securing an operating license under the provisions of Part VIA.

(2) Registered society, which immediately prior to the date this Law came into force [i.e.: of N.123(I)/2003] was carrying out credit institutions operations, shall within a period of six months from the date this Law came into force [i.e.: of N.123(I)/2003] to submit to the Commissioner -

(a) Audited accounts of the preceding financial year;

(b) Business plan;

(c) Compliance schedule plan to the requirements for obtaining an operating license .

(3) Registered society under the subsections (1) and (2) must -

(a) To perform only the operations or services, which are provided in its business plan;

(b) To respect the compliance schedule plan to the requirements for obtaining an operation license;

(c) To comply with the respective anticipated obligations, which the committee upon its decision that was published in the Official Gazette of the Republic, defined as the minimum requirements for the deposit taking operations:

Provided that the committee, at the exercise of this power, may determine different levels or conditions from those provided for the recognized cooperative credit institutions, yet taking into account such principles which in this Law [i.e.: to the N.123(I)/2003] or the acts of the European Community that apply to the Republic provide for this issue the prudential supervision of the cooperative credit institutions.

(4) The Commissioner whenever is convinced that a registered society complies with the conditions for obtaining an operating license as a qualified cooperative credit institution itself or following its connection

with the Central Body, issues a relevant operation license.

(5) The Commissioner, regardless of what is provided in section (1), has the power with a justified decision of his to prohibit a registered society that functions as a cooperative credit institution to carry out deposit taking operations or to impose any conditions for the exercise of its operations or to impose sanctions provided by the Article 41IH, if

L. 107(I) 2004

(a) The society fails to submit the provisions of section (2) or if the information submitted is incomplete or is found not to correspond to reality;

(b) The compliance schedule plan provided by the society is at the Registrar's discretion unsatisfactory or the society refuses to revise it;

(c) The society fails to observe the compliance schedule plan;

(d) The society does not comply with the continuing obligation, as provided in the committee's decisions under the provisions of paragraph (c) of section 3.

(6) Anyone who despite the decision of the Commissioner under section (5) continues to carry out deposit taking operations, commits an offense, in case of conviction is punishable with imprisonment not exceeding four years or with a sum not exceeding one thousand pounds (CP 100,000) or with both of these sanctions.

(7) The committee shall, by its decision, which is published in the Official Gazette of the Republic the requirements and the details for implementing this article in relation to any displaced society which was carrying out credit institution operations and which wanted to be reactivated after this Law came into force [i.e. N.123(I)/2003].

L. 170(I) 2004

Note

17 of N.123(I)/2003 Transitional provision regarding registered societies that engage in credit institutions operations at the date this Law came into force [i.e.: of N.123(I)/2003]

(1) Notwithstanding the provisions of Part VIA, which is provided in the Cooperative Societies (Amendment) Law of 2003, a registered

L. 123(I) 2003

company, which immediately before the enforcement of this Law [i.e.: of N.123(I)/2003] performed cooperative credit institution operations, may be authorized to conduct deposit taking operations in the Republic as long as-

(α) Complies with the provisions of this article; and

(β) No later than December 31st of 2007, to receive an operating license:

Provided that these societies do not have the right to establish or provide cross-border operations in a Member state, before securing an operating license under the provisions of Part VIA.

(2) A registered society, which immediately prior to the date this Law came into force [i.e.: of N.123(I)/2003] was carrying out credit institutions operations, shall within a period of six months from the date this Law came into force [i.e.: of N.123(I)/2003] to submit to the Commissioner -

(a) Audited accounts of the preceding financial year;

(b) Business plan;

(c) Compliance schedule plan to the requirements for obtaining an operating license.

(3) Registered society under the subsections (1) and (2) shall -

(a) To perform only the operations or services, which are provided in its business plan;

(b) To respect the compliance schedule plan to the requirements for obtaining an operating license;

(c) To comply with the respective anticipated obligations, which the committee upon its decision that was published in the Official Gazette of the

Republic, defined as the minimum requirements for the deposit taking operations:

Provided that the committee, at the exercise of this power, may determine different levels or conditions from those provided for the recognized cooperative credit institutions, yet taking into account such principles which in this Law [i.e.: to the N.123(I)/2003] or the acts of the European Community that apply to the Republic provide for this issue the prudential supervision of the cooperative credit institutions.

(4) The Commissioner whenever is convinced that a registered society complies with the conditions for obtaining an operating license as a qualified cooperative credit institution itself or following its connection with the Central Body, issues a relevant operation license.

(5) The Commissioner, regardless of what is provided in section (1), has the power with a justified decision of his to prohibit a registered society that functions as a cooperative credit institution to carry out deposit taking operations or to impose any conditions for the exercise of its operations or to impose sanctions provided by the Article 41IH, if

L. 170(I) 2004

(a) The society fails to submit the provisions of section (2) or if the information submitted is incomplete or is found not to correspond to reality;

(b) The compliance schedule plan provided by the society is at the Registrar's discretion unsatisfactory or the society refuses to revise it;

(c) The society fails to observe the compliance schedule plan;

(d) The society does not comply with the continuing obligation, as provided in the committee's decisions under the provisions of paragraph (c) of section 3.

(6) Anyone who despite the decision of the Commissioner under section (5) continues to carry out deposit taking operations, commits an offense, in case of conviction is punishable with imprisonment not exceeding four years or with a sum not exceeding one thousand pounds (CP 100,000) or with both of these sanctions.

(7) The Ccommittee shall, by its decision, which is published in the Official Gazette of the Republic the requirements and the details for implementing this article in relation to any displaced society which was carrying out credit institution operations and which wanted to be reactivated after this Law came into force [i.e. N.123(I)/2003].

L. 170(I) 2004

Note**19 of N.123(I)/2003 The Law N.123(I)/2003 comes into force**

(1) Subject to section (2) of this article, the Law [i.e.: N.123(I)/2003] comes into force from the date of its publication in the Official Gazette of the Republic.

L. 123(I) 2003

(2) Notwithstanding the provisions of section (1), the paragraphs (b) and (d) of section (1) of article 41A, the section (4) of article 41B and the article 41C of the Basic Law shall come into force on the date of the Republic's induction to the European Union.

Note**3 of N.124(I)/2003 The Law N.124(I)/2003 comes into force**

L. 124(I) 2003

The Law [i.e.: N.124(I)/2003] shall come into force upon the Council of Ministers' decision, which is published in the Official Gazette of the Republic.

Note**3 of N.23(I)/2005 The Law M.23(I)/2005 comes into force**

This Law [i.e.: N.23(I)/2005] comes into force on April 2nd, 2005.

Note**4 of N.29(I)/2007 The Law N.29(I)/2007 comes into force**

L. 29(I) 2007

This Law [i.e.: N.29(I)/2007] comes into force on November 1st, 2007.

Note**3 of N.124(I)/2009 The Law N.124(I)/2009 comes into force**

L. 124(I) 2009

This Law [i.e.: N.124(I)/2009] comes into force from the date the Payment Services Law of 2009 comes into force.

Note**2 of N.214(I)/2012 Amendment of the Basic Law with the change of name of the Authority of Supervision and Development of Cooperative Societies.**

L. 214(I) 2012

2. (1) The basic law is amended by replacing, on the corresponding wording, the phrase “Supervision and Development of Cooperative Societies”, whenever this occurs, by the phrase “Supervision of Cooperative Societies”.

(2) Any reference to the Rules, orders, decisions and directives issued under this Law or in any other law, regulation or directive, to “committee of Authority Supervision and Development of Cooperative Societies”, “Commissioner of the Authority of Supervision and Development of Cooperative Societies” and “Authority of Supervision and Development of Cooperative Societies” means the “committee of Authority of Supervision Cooperative Societies”, “Commissioner of the Authority of Supervision of Cooperative Societies” and the “ Authority of Supervision of Cooperative Societies”, respectively.

Note

2 of N.214(I)/2012 Amendment of the basic law by changing the name of the Authority of Supervision and Development of Cooperative Societies

2. (1) The basic law is amended by replacing, on the corresponding wording, the phrase “Authority of Supervision and Development of Cooperative Societies”, whenever this occurs, by the phrase “Authority of Supervision of Cooperative Societies”.

(2)) Any reference to the Rules, orders, decisions and directives issued under this Law or in any other law, regulation or directive, to “committee of Authority Supervision and Development of Cooperative Societies”, “Commissioner of the Authority of Supervision and Development of Cooperative Societies” and “Authority of Supervision and Development of Cooperative Societies” means the “committee of Authority of Supervision Cooperative Societies”, “Commissioner of the Authority of Supervision of Cooperative Societies” and the “ Authority of Supervision of Cooperative Societies”, respectively.

Note

2 of N.107(I)/2013 Amendment of the basic law by changing the name of the Authority of Supervision of Cooperative Societies

(1) The basic law is amended by replacing, on the corresponding wording, the phrase “Authority of Supervision of Cooperative Societies”, whenever this occurs, by the phrase “Authority of Cooperative Societies”.

(2)) Any reference to the Rules, that are issued by virtue of this Law or in any other law, regulation or directive, to “committee of Authority

Supervision of Cooperative Societies”, “Commissioner of the Authority of Supervision of Cooperative Societies” and “Authority of Supervision of Cooperative Societies” means the “committee of Cooperative Societies”, “Commissioner of Cooperative Societies” and the “Authority of Cooperative Societies”, respectively.

Note

64 of N.107(I)/2013 Abolition of article 17 of N.123(I)/2013, of article 15 of N.170(I)/2004 and of article 2(2) of N.214(I)/2012

(1) The article 17 of the Cooperative Societies (Amendment) Law of 2013 (N.123 (I)/2003) is abolished.

(2) The article 15 of the Cooperative Societies (Amendment) (No. 2) Law of 2004 (N.170 (I) of 2004) is abolished.

(3) The section (2) of article 2 of the Cooperative Societies (Amendment) (No. 3) Law of 2012 (N.124 (I)/2012) is abolished.