**Cooperative Association Act**

**Rules of the Example Name Cooperative**

**Part 1 – Interpretation**

**Definitions**

**1**  In these Rules:

**"Act"** means the *Cooperative Association Act* of British Columbia from time to time in force and all amendments to it;

**"adjourned meeting"** means the meeting to which a meeting is adjourned;

**"Association"** means EXAMPLE NAME Cooperative*;*

**"board"** or **"the directors"** mean the directors of the Association for the time being;

**"member"** means a member of the Association and includes a joint member;

**“ordinary resolution”** means a resolution requiring a simple majority to be accepted;

**"regulation"** means the regulation under the *Cooperative Association Act* as made and amended from time to time;

**"Rules"** means these Rules and all amendments, additions, deletions or replacements from time to time in force and effect;

**“special resolution”** means a resolution that requires a two-thirds majority to be accepted.

***Cooperative Association Act* definitions apply**

**2**  Subject to Rule 1, words and expressions defined in the Act as they read on the date these Rules become applicable to the Association apply to these Rules, with the necessary changes, so far as applicable.

**Interpretation**

**3**  Words in the singular form include the plural and vice versa and words importing a specific gender include the other gender and eligible organizations.

***Cooperative Association Act* governs**

**4**  If there is a conflict or inconsistency between the Act and the Rules, the Act governs.

**Part 2 – Shares of the Association**

**Authorised Share Structure**

**5** The Association shall issue an unlimited number of membership shares at a par value of once dollar ($1) apiece.

**Transfer of Shares**

**6** No member of the Association may transfer their shares to a non-member or another member of the Association. Any member seeking to transfer their shares must redeem the shares with the Association.

**Transmission of Shares**

**7** On the death of a member of the Association, the person entitled to the shares of the deceased member may, on providing proof satisfactory to the directors of the death of the member and the person’s entitlement, assume membership in the Association or apply to redeem the shares.

**Redemption of Shares**

**8** Subject to the Act and these Rules, the Association may redeem the shares of any member or person entitled to shares, by resolution of the directors, at the par value of the shares.

1. The Association shall not exercise any vote or other member rights while it retains the shares.
2. The directors shall resolve to redeem the shares of any member or person entitled to shares that applies to redeem their shares within 4 months.
3. If the Association is unable to redeem all of the shares of those that apply for redemption, those whose membership is terminated shall be prioritized followed by those who have deceased or moved out of the trading area.

**Part 3 – Membership**

**Open Membership**

**9** Membership in the Association is open non-discriminatory manner to individuals, entities and associations that can use and support the services of the Association and are willing and able to accept the responsibilities of membership.

**Application for Membership**

**10** An individual that wishes to become a member must submit to the Association a written application for membership in the form provided by the Association for that purpose and payment for 10 membership shares to the Association. Members may have to pay an annual membership fee as determine by the board from time to time.

**Approval of Application**

**11** The directors, or a person authorized by the directors to approve applications for membership, may approve or refuse an application for membership and may postpone consideration of an application for membership. The membership comes into effect on the day the application for membership is approved.

**Joint Membership**

**12** Memberships of the Association may not be held jointly.

**Share Certificates**

**13** Upon approval of their membership all new members shall receive a share certificate in accordance with the Act in a form approved by the directors.

**Withdrawal from Membership**

**14** A member may withdraw from membership in the Association by giving notice to the directors of the members’ intent to withdraw and by surrendering any share certificates in respect of membership shares. Subject to Rule 7, the death of a member shall have the same effect as a withdrawal.

**Effective Date of Withdrawal**

**15** The membership of a member ceases on the date the member’s notice to withdraw is received by the directors. Any redemption of a member’s shares shall follow Rule 8.

**Grounds for Termination of Membership**

**16** The Association may terminate the membership of a member in accordance with the Act if:

1. The member has engaged in conduct detrimental to the Association;
2. The member has not paid money due by the member to the Association within a reasonable time after receiving notice to do so from the Association; or
3. The member has breached a material condition of an agreement with the Association and has not rectified the breach within a reasonable time after receiving written notice to do so from the Association.

**Appeal of Termination of Membership**

**17** A member whose membership is terminated for reasons set out in Rule 16:

1. May appeal the termination by filing an appeal with the Association within 7 days after receiving notice of the termination; and
2. If the member does file an appeal, the member shall continue to be a member of the Association, unless the members at the general meeting to which the appeal is brought confirm the termination of membership by a simple majority.

**Part 4 – Directors and Officers**

**Duties of Directors**

**18** The directors must manage the Association in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the memorandum and these Rules.

**Number of Directors**

**19** The Association shall have a minimum of three (3) and a maximum of nine (9) directors. The number of directors may be changed within these limits by ordinary resolution of the members.

**Qualification of Directors**

**20** An individual is not qualified to become or act as a director of the Association if that individual is:

1. Not a member of the Association;
2. Under the age of 18 years;
3. Found by a court to be incapable of managing the individual’s own affairs;
4. An undischarged bankrupt; or
5. Convicted of an offence in connection with the promotion, formation or management of a corporation, of an offence involving fraud, or an offence involving a child.

**Restrictions on Borrowing Powers of Directors**

**21** Directors may not authorize the borrowing of monies, on the credit of the Association, exceeding $50,000 without consent from the membership.

**Nomination of Directors**

**22** Directors may be nominated no less than 21 days before an annual meeting by submitting, in writing, a completed nomination form approved by the board for that purpose.

**Election of Directors**

**23** An election of directors shall take place at the annual general meeting of the Association and shall observe the following rules:

1. All nominees shall be given the opportunity to address the members;
2. The nominees that receive the most votes in an election shall be declared elected;
3. If the number of nominees does not exceed the maximum number of allowable directors, in accordance with Rule19, the nominees shall be declared elected by ordinary resolution of the members;
4. If the number of nominees does exceed the maximum number of allowable directors, in accordance with Rule 19, a vote will be conducted by secret ballot and:
	1. Any ballot containing a vote for a candidate that is not a nominee or containing votes for too many candidates, shall be deemed invalid;
	2. Any ballot containing votes for fewer candidates than the maximum allowed shall be deemed valid; and
	3. Any contest over the validity of a ballot shall be resolved by the Chair;
5. If two or more nominees receive an equality of votes for the final position of director, a run-off election shall take place including the candidates in question; and
6. All ballots shall be destroyed 30 days following the adjournment of the meeting.

**Terms of Office**

**24** Directors shall be elected to a term of two (2) years and shall not seek re-election after four (4) consecutive terms. After serving four (4) consecutive terms, directors shall be eligible for re-election after a one (1) year period.

**Staggered Terms of Office**

**25** At the first annual general meeting of the Association, 50% of the directors receiving the most votes shall serve a term of two (2) years and 50% of the directors receiving the fewest votes shall serve a term of one (1) year. At the second annual general meeting and all subsequent annual general meetings of the Association all directors shall be elected to a term of two (2) years.

**Removal of Directors**

**26** A director may be removed from office by resolution of the board if they no longer meet the qualifications required in Rule 20 or fail to attend two (2) consecutive meetings without cause and may be removed by special resolution of the members for any other reason.

**Officers**

**27** The Directors shall appoint the officers of the Association from among their number and shall include:

1. President;
2. Vice-President;
3. Treasurer; and
4. Secretary.

The duties of each officer shall be defined by the board in accordance with the Act. Each officer shall serve a term of one (1) year and may serve an unlimited number of consecutive terms.

**Committees**

**28** The board, by ordinary resolution, may appoint from their number or the members any committee deemed necessary to the Association. The board shall appoint the chair of each committee and create, at its discretion, a terms of reference outlining the responsibilities of the committee and its members. Quorum for committees shall be a majority of members and committees must appoint a secretary to record minutes in accordance with the Act. A vacancy on a committee may be filled by the remaining committee members.

**Meetings of Directors**

**29** Directors are entitled to meet as often as necessary and shall observe the following rules:

1. The chair or any two directors may call a meeting of directors at any time, provided no less than five (5) days’ notice is provided and the notice specifies the purpose for which the meeting is being called;
2. Notice for meetings shall be given by telephone or electronic mail;
3. An emergency meeting of directors may be called with forty-eight (48) hours’ notice;
4. The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, a director does not invalidate any proceedings at that meeting;
5. Quorum for board meetings shall be a majority of directors;
6. If the President is unable to attend the meeting, the meeting shall be chaired by the Vice-President and if both are unable to attend the meeting, the remaining directors shall appoint a chair from among their number;
7. Unless otherwise required by the Act or the Rules, decisions at a directors’ meeting require a majority of votes and in the event of an equality of votes the chair may cast a deciding vote, but may not cast a second vote;
8. The minutes of the proceedings of the directors must be kept in accordance with the Act;
9. Directors may meeting using conference telephone or other electronic means approved by the directors;
10. Resolutions may be passed without a meeting of directors provided each member consents to the resolution in a form approved by the directors in accordance with the Act and the Rules; and
11. Any resolution passed by the directors without a meeting shall be effective on the date the last director consents, in writing, to the resolution.

**Indemnification of Directors and Officers**

**30** The Association must indemnify the directors and officers in accordance with the Act.

**Part 5 – Financial Management**

**Borrowing Powers**

**31** Subject to Rule 21, the directors may borrow or raise money on behalf of the Association in accordance with the Act.

**Investment Powers**

**32** Subject to any limitations adopted by the directors, the directors may invest the funds of the Association in the manner they consider appropriate.

**Financial Year**

**33** The financial year of the Association ends on the 31st day of December.

**Auditor**

**34** Subject to and in accordance with the Act, the directors must appoint the first auditor and the Association must appoint subsequent auditors, if any. The duties and rights of the auditor are governed by the Act.

**Use of Surplus Funds**

**35** All surplus funds generated by the Association not used to retire any deficit from any previous fiscal year or invested into the operations of the Association shall be placed into a reserve fund.

**Dividends and Patronage Returns**

**36** The Association shall operate on a not-for-profit basis and shall not issue patronage returns or dividends to members.

**Part 6 – General Meetings of the Association**

**Annual general Meetings**

**37** The Association must hold its first and subsequent general meetings within the time provided by the Act. Meeting must be held within the trading area of the Association as determined by the directors. The record date for the annual general meeting is the 30th day of the month before the annual general meeting and only members whose names are entered into the member registry before the record date may vote at the annual general meeting.

**Business at Annual General Meetings**

**38** At the first general meeting and at each annual general meeting the following business must be considered:

1. report of the directors;
2. financial statement;
3. auditor's report, if applicable;
4. election or appointment of directors; and
5. appointment or waiver of appointment of an auditor.

**Order of Business at Annual General Meetings**

**39** The order of business at the first general meeting and at annual general meetings, to the extent appropriate in the circumstances, must be as follows:

1. meeting to be called to order;
2. notice convening meeting to be read;
3. minutes of preceding annual general meeting to be read and adopted or amended and adopted as required;
4. business arising out of minutes to be considered;
5. reports of standing and special committees to be read;
6. financial statement to be placed before the meeting;
7. reports of directors and auditors to be read;
8. election of directors and appointment of auditors;
9. special business to be considered;
10. unfinished business to be considered;
11. new business to be considered.

**Special Business**

**40** Any business other than the business outlined in Rule 38 is special business. Special business must be decided by ordinary resolution of the members unless otherwise required by the Act and the Rules. Any special business requiring a special resolution must be provided to the members with notice of the meeting. The text of the resolution should be provided unless it is more convenient, as determined by the directors, to provide a summary statement of the resolution and make the text of the resolution available to members upon request.

**Special General Meetings**

**41** Special meetings of the Association may be called by the directors or requisitioned by no less than 10% of the members and the directors may determine the order of business at the special meeting.

**Quorum**

**42** The quorum for the transaction of business at general meetings is the lesser of 15 members or 10% of the total number of members entitled to vote at the meeting. A general meeting that does not have quorum shall transact no other business than the appointment of the chair and adjournment of the meeting.

**Voting**

**43** Subject to the Act and these Rules, all business transacted at general meetings shall be decided by ordinary resolution. Members shall vote by show of hands and the chair shall declare the result of all decisions using their discretion. Except for executors or administrators of a membership no vote of persons in a representative capacity or proxy shall be permitted at any general meeting of the Association. Members may participate in general meeting by using conference telephone or other electronic means.

**Part 7 – Notice**

**Notice to Directors, Members, and Other Persons**

**44** Unless otherwise specified in the Act or these Rules, any notice required to be given to a director, member, or any other person entitled to receive notice is sufficiently given if it is mailed to the person’s last known address, sent electronically to the person’s last known e-mail address, or delivered personally. Notice of any general meeting of the Association or special business shall be made available at the registered office and any sites owned by the Association. Notice shall be deemed received within two (2) days of it being issued.

**Notice to the Association**

**45** Unless otherwise specified in the Act or these Rules, any notice required to be given to the Association must be in writing and is sufficiently given if it is mailed to the registered office, delivered to an officer of the Association, sent by electronic mail to the Association’s e-mail, or served in accordance with the Act. Notice shall be deemed received within two (2) days of it being issued.

**Omissions, Non-receipt, and Errors**

**46** The accidental omission to give notice of any general meeting to, or the non-receipt of any notice by, a member or person entitled to receive notice does not invalidate any proceedings at that meeting and an error in a notice that does not affect the substance of it, does not invalidate any action taken at a meeting held in accordance with, or otherwise founded on, that notice.

**Part 8 – Serving Documents**

**Service by the Association**

**47** A notice or other document required to be served by the Association must be sent to the member by electronic mail or personal mail to the last known address provided by the member. A notice is deemed received two (2) business days after it is sent.

**Service on the Association**

**48** A notice or other document required to be served on the Association must be sent by electronic mail to the Association’s address or by mail to the Association’s registered office.

**Part 9 – Execution of Instruments**

**Use of Corporate Seal**

**49** The directors may provide for a seal for the Association and may determine its form. The seal must be stored at the register office of the Association and must be attested by the signatures of two (2) individuals with signing authority in the Association.

**Execution of Documents Where no Seal**

**50** If the directors have not adopted a seal, instruments may be executed on behalf of the Association by no less than two (2) directors or persons authorized by the board of the Association.

**Part 10 – Records**

**Records of the Association**

**51**  Retention of, and entitlement and access to, records of the Association are governed by the Act.

**Part 11 – Alteration of Memorandum or Rules**

**Alteration of memorandum or Rules**

**52**  Subject to the Act and these Rules, amendments to the memorandum and Rules of the Association shall be considered special business and must be decided by the member of the Association.

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| ................................................. Signature of subscriber |   | ...............................................Signature of witness |
| .................................................Name of subscriber*(print)* |   | ................................................ Name of witness *(print)* |
| Date...........................................*[year, month, day]* |   | ................................................ Address of witness |

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| ................................................. Signature of subscriber |   | ...............................................Signature of witness |
| .................................................Name of subscriber*(print)* |   | ................................................ Name of witness *(print)* |
| Date...........................................*[year, month, day]* |   | ................................................ Address of witness |
| ................................................. Signature of subscriber |   | ...............................................Signature of witness |
| .................................................Name of subscriber (print) |   | ................................................ Name of witness (print) |
| Date...........................................[year, month, day] |   | ................................................ Address of witness |