***Sample Bylaws for a Federal Co-op***

*Disclaimer: These bylaws were created by Co-operatives First staff and should not be*

*used for any organization for the purposes of incorporation, operation, or otherwise.*

*Bylaws should be created for each individual co-operative and reviewed by legal*

*counsel.*

1. **Interpretation**
   1. Definitions
2. The “Act” refers to the Canada *Cooperatives Act*.
3. “Bylaws” refer to these bylaws created by Sample Co-op Limited.
4. The “Articles” refer to the articles of incorporation that were filed to create Sample Co-op Limited.
5. The “Board” and “Directors” refer to the board of directors of Sample Co-op Limited.
6. “Director” refers to a member that has been elected to the board of directors of Sample Co-op Ltd.
7. A “Member” refers to an individual or body corporate that has fulfilled the requirements of membership set by these bylaws and have been approved by the board of directors.
8. An “Ordinary resolution” refers to a resolution that requires a majority of votes to be accepted.
9. “Patronage returns” refers to profits that are shared with members in proportion to business done with the co-operative.
10. A “Special resolution” refers to a resolution that requires at least a two-thirds majority of the votes cast to be accepted.
11. The “Regulations” refer to the Canada Cooperatives Regulations.
12. **Membership**
    1. Qualifications of Membership
13. Membership in the co-operative is open to any individual that is:
    1. In the case of an individual at least 18 years of age;
    2. Supports the mission, vision, and values of the co-operative; and
    3. Has submitted an application for membership with payment for the minimum number of membership shares.
    4. Application for membership
14. No person may be admitted to membership in the co-operative until:
    1. The person has submitted an application for membership in the form approved by the board;
    2. The person has submitted payment for the purchase of 10 membership shares; and
    3. The application for membership has been approved by the board.
15. Membership is effective on the day that the application is approved.
    1. Joint Membership
16. The co-operative is prohibited from issuing joint memberships.
    1. Rights and Obligations of Members
17. Members of the co-operatives shall have the right to:
    1. One vote on all matters to be decided by the members;
    2. Nominate candidates to or be nominated to serve on the board;
    3. Attend all meetings of the members of the co-operative;
    4. Receive information concerning the co-operative;
    5. Submit resolutions and/or proposals at members’ meetings; and
    6. Receive a patronage return pursuant to these bylaws and the Act.
18. Members of the co-operative are obligated to:
    1. Use the co-operative’s services; and
    2. Adhere to these bylaws, the regulations, and the Act.
    3. Withdrawal of Membership
19. A member of the co-operative may withdraw his/her membership in the co-operative by providing notice to the board.
20. The withdraw will be effective on the later of the date stated in the notice and the date on which the co-operative receives the notice.
21. Within one year of the notice to withdraw, the co-operative shall redeem all shares held by the member and repay any loans made to the co-operative by the member, together with any interest accrued on those amounts up to the date payment is made.
22. If the directors determine that the payment described in subsection c would adversely affect the financial well-being of the cooperative, the payment can take place outside of the one year period.
23. The withdrawal of a member does not release the member from any debt, obligation, or contract to the co-operative.
    1. Termination of Membership
24. The directors may, by special resolution, terminate the membership of a member of the co-operative by giving notice of the termination within 10 days of the special resolution.
25. The effective date of the termination is the later of the date specified on the notice and 30 days of the member’s receipt of the notice.
26. A member whose membership has been terminated by the board may appeal the decision of the board at the next members’ meeting if the member provides the board notice of his/her intention to appeal no more than 30 days after receiving notice of the resolution to terminate.
27. Notice to appeal the directors’ decision will suspend the resolution until the vote of the members meeting.
28. The members may, by ordinary resolution, at a duly called members’ meeting, reverse the resolution of the board.
29. If a member’s membership is terminated the co-operative must, within one year, pay all monies owed to the member including any loans to the co-operative and redeeming any shares held in the co-operative.
30. A member’s membership may be terminated by the members, by special resolution, at a duly called members’ meeting. Subsection f still applies.
31. **Members’ Meetings**
    1. Place and Time of Members Meetings
32. Meetings of the members of the co-operative are to be held at a time and place in Canada as determined by the board.
33. The notice of a members meeting shall contain the time, date, and location of a meeting.
34. The co-operative may host a members’ meeting using electronic means if consented to by all participating members of the co-operative.
35. The co-operative shall host an annual meeting once per year.
    1. Special Business
36. Any special business to be discussed at a members’ meeting must be included in the notice of the meeting issued to members.
37. The board may call a special meeting at any time if notice is provided to members and the special business to be discussed is included in the notice.
38. The greater of 5% or 10 members may submit a request to the board to call a special meeting. The purpose of the special meeting must be included in the request to the board.
    1. Notice of Meetings
39. Notice of all members’ meetings must be provided to all members of the co-operative not less than 21 days and not more than 50 days before the date of the meeting.
40. The board shall determine how notice will be distributed to members.
    1. Quorum
41. Quorum for all members’ meetings shall be 5% of the members of the co-operative.
42. If quorum is not present at the open of the meeting the members must adjourn the meeting and no business can be transacted.
    1. Voting
43. Voting at all members meetings shall be conducted by a show of hands.
44. If five or more members request that a decision be decided by secret ballot, the co-operative must accommodate the request.
45. The chair may cast a vote in the event of a tie, but cannot cast a second vote if a previous vote was cast.
46. In the event of a tie, the resolution is defeated.
47. Proxy voting is prohibited.
    1. Amending Bylaws
48. The board may, by special resolution, amend the bylaws of the co-operative. A resolution made by the board must be confirmed by the members, by special resolution, at a duly called members’ meeting.
49. The members may, by special resolution, amend the bylaws at a duly called members meeting.
50. A bylaw or amendment will come into force on the day it is approved by the members.
51. **Directors**
    1. Qualifications of Directors
52. No member of the co-operative is eligible to serve on the board of directors if that person is:
    1. Not an individual;
    2. Less than 18 years old;
    3. Is incapable; and
    4. Bankrupt.
    5. Election of Directors
53. Director elections shall take place at the annual meeting.
54. Not less than 70 days before the annual meeting, the co-operative shall issue a call for nominations to the board of directors.
55. Any member that is not disqualified by section 4.01(a) is eligible for nomination by submitting a nomination form prepared by the board.
56. The co-operative shall close nominations not less than 20 days before the annual meeting and make the list of nominees available to the membership.
57. Voting in all elections shall be conducted by secret ballot in a form determined by the board. Each ballot must contain the names of all nominees.
58. At each election no less than 3 board positions will be contested. Members can vote for the maximum number of positions available. Ballots with more than the maximum number will be considered invalid. Ballots with fewer than the maximum number will be considered valid.
59. The nominees that receive the greatest number of votes will be elected.
60. If two nominees receive an equal number of votes for the last vacancy on the board, the directors already elected to the board must determine which of the two nominees is to be elected.
    1. Term of Office
61. Directors shall serve a term of office of 3 years commencing at the close of the annual meeting where the director was elected.
62. Directors shall serve a maximum of 4 consecutive terms.
63. At the first annual meeting of the members all board positions will be vacant and the members will elect 9 directors. The 3 nominees with the most votes will serve a 3 year term. The 3 nominees with the second most votes will serve a 2 year term. The 3 nominees with the third most votes will serve a 1 year term. All subsequent elections will elect directors to 3 year terms.
64. If a director is appointed to fill the vacancy of a director that did not complete his/her term of office, the appointed director will only serve for the remainder of the 3 year term.
    1. Officers and Committees
65. Following the annual meeting, the board shall meet to appoint the officers of the co-operative:
    1. President;
    2. Vice-president; and
    3. Secretary-Treasurer
66. The board may determine the duties assigned to each office.
67. The board may, by ordinary resolution, strike any committee deemed necessary to the management of the co-operative. The board must appoint the following committees:
    1. Finance and audit
    2. Governance
68. The board may appoint any directors or members to the committee provided the individuals meet the qualifications set out in section 4.01(a) of these bylaws.
69. Each committee shall appoint a chair and secretary from among the committee members.
    1. Removal of Directors and Vacancies
70. A director shall cease to hold office if that director:
    1. Dies;
    2. Resigns;
    3. No longer meets the qualifications set out in section 4.01(a); or
    4. Is removed from office.
71. If there is a vacancy on the board resulting from a situation set out in subsection a, and the board still has quorum, the board may chose not to fill the vacancy or appoint a director to fill the vacancy. If a vacancy results in the board’s inability to achieve quorum, the board must call a special meeting for the purpose of electing directors.
72. Failing to elect the maximum number of allowed directors or increasing the maximum number of directors does not give the board the authority set out in subsection b.
73. A director may be removed from office by ordinary resolution of the members at a special meeting. The director will be provided an opportunity to address the meeting or submit a written statement to the co-operative explaining his/her opposition to the resolution.
74. A vacancy created by the situation set out in subsection d may be filled by the members at the same special meeting.
    1. Indemnity
75. The co-operative shall indemnify an individual who is or was a director or officer of the co-operative or who acts or acted at the co-operative’s request against all costs, charges, and expenses incurred by the individual in respect of any civil, criminal, administrative, investigative, or any other proceeding related to the individual’s association with the co-operative.
76. The co-operative shall not indemnify an individual whose conduct was knowingly unlawful or unethical.
    1. Meetings of Directors
77. Board meetings are to be held at a place and time as determined by the board.
78. Not less than 5 days’ notice must be provided to directors of a board meeting.
79. The President or any two directors may call a board meeting.
80. Quorum for board meetings shall be a majority of directors.
81. All directors are entitled to one vote on all decisions of the board.
82. In the event of a tie of votes, the chair may cast a deciding vote, but cannot cast a second vote in he/she has already voted on the resolution.
83. In the event of a tie of votes, the resolution is defeated.
84. **Conflicts of interest**
85. Pursuant to the Act a director shall have a conflict of interest if the director is:
    1. A director will benefit from a contract or transaction that is being decided by the board
    2. A director is a director or officer of a party that will benefit from a contract or transaction being decided by the board
    3. A director has a relationship with a party that will benefit from a contract or transaction being decided by the board.
86. Pursuant to the Act, a director faced with a conflict of interest must disclose the conflict to the board.
87. If the director fails to disclose the conflict of interest, any member of the board has an obligation to notify the board of the conflict of interest.
88. **Allocation of Surplus**
    1. General
89. The board shall determine the allocation of surplus at the end of each fiscal year of the co-operative.
90. Not less than 10% of surplus revenue must be placed into a reserve fund.
    1. Patronage Returns
91. The board may allocate a portion of surplus revenue to be shared among the members of the co-operative in the form of patronage returns.
92. The co-operative may issue patronage returns in the form of cash or as membership shares.
93. The co-operative must provide members annual notice of their return and any changes with their holdings with the co-operative.
94. **Auditor**
95. The auditor will be appointed each year at the annual meeting by ordinary resolution of the members.
96. The auditor shall hold that office until the open of the following annual meeting.
97. The board shall determine the remuneration for the auditor.
98. **Execution of Documents**
    1. Corporate Seal
99. The board shall approve the design of a corporate seal.
100. The corporate seal shall be stored at the registered office of the co-operative.
101. The seal must accompany the signature of at least two individuals with signing authority of the co-operative.
     1. Signing Authority
102. The board shall determine the individuals designated with signing authority. This shall include the officers of the co-operative and management.
103. The signatures of two officers shall have the same effect as the corporate seal.