



Constitution

2021

[As amended 24 November 2017, 24 August 2018, 4 October 2019 and 25 September 2020]



Disclaimer

This document contains confidential and proprietary information of SA Primary Medical Financial Co-operative Limited, herein referred to as “MediCoop CFI Ltd” and with Reg.nr 2015/014609/24. Neither this document, nor the information contained herein, are to be reproduced, distributed, used or disclosed, either in part or in whole without the specific written consent and authorisation of MediCoop CFI Ltd. For additional copies of the document, please contact MediCoop CFI Ltd.





Table of contents

- 1. Name 1
- 2. Form of Financial Co-Operative 1
- 3. Interpretation of Terms 2
- 4. Place of Business..... 5
- 5. Objectives 5
- 6. Services to Members 6
- 7. Membership 7
- 8. Limitation of Liability 10
- 9. Termination of Membership 10
- 10. Transfer of Membership, Loans from Members, Membership Shares and Additional Membership Shares 11
- 11. Suspension/Expulsion of a Member 11
- 12. Annual General Meeting (AGM)..... 12
- 13. Extraordinary Meetings 13
- 14. Quorum 14
- 15. Meeting Procedures 15
- 16. Elections 16
- 17. Board of Directors..... 18
- 18. Functions of the Board 20
- 19. Co-Operative Managing Director 22
- 20. Disclosure of Interest 22
- 21. Liability of Directors 23
- 22. Governance Committee..... 23
- 23. Standing Committees..... 24





Table of contents continued

- 24. Credit Committee25
- 25. Community Development Committee25
- 26. Audit and Supervisory Committee 26
- 27. Investment Committee.....27
- 28. Nominations Committee27
- 29. Equity and Reserves..... 28
- 30. Distribution of Surplus..... 29
- 31. Share Capital 30
- 32. Asset and Liability Management..... 31
- 33. Use of Funds.....32
- 34. Lien (Security/Collateral).....32
- 35. Financial Year32
- 36. Accounts and Records32
- 37. Accounts and Audits.....33
- 38. Loans33
- 39. Amendment of Constitution.....34
- 40. Confidentiality34
- 41. General Provisions35
- 42. Disputes.....35
- 43. Dissolution and Amalgamation 36
- 44. Amendment 36





Constitution | 2021

1. NAME

- (a) The name of the Co-operative is: SA Primary Medical Primary Financial Co-operative Limited - a Co-operative Financial Institution.
- (b) The abbreviated name is MediCoop CFI Ltd.

2. FORM OF FINANCIAL CO-OPERATIVE

This is the Constitution of a business undertaking formed as a Primary Savings and Loans Co-operative Financial Institution in terms of the provisions of the Co-operatives Act 12 2005 as amended, and the Co-operative Banks Act 40 Of 2007.



3. INTERPRETATION OF TERMS

In this constitution, unless the context indicates otherwise, a word or expression to which a meaning is attached to the Financial Sector Regulator Act 9 of 2017, the Co-operative Banks Act No 14 of 2005 as amended and the Co-operative Banks Act 40 of 2007 shall have a similar meaning and –

“Additional Membership Shares” means a share issued, in addition to Membership Shares on which no interest is payable without the written approval of the Authority, which may also be referred to as voluntary shares, which may not be redeemed for more than their nominal value;

“Audit and Supervisory Committee” means the committee appointed in accordance with the Co-operative Banks Act 40 of 2007;

“Authority” means the Prudential Authority, a juristic person operating within the administration of the South African Reserve Bank and established in terms of section 32 of the Financial Sector Regulation Act;

“Auditor” means the independent auditor, registered as such in terms of the Auditing Profession Act No. 26 of 2005, appointed at a general meeting of Members;

“Associate Member” means persons and entities as envisaged in clause 7(p);

“Board” means the board of directors of the Co-operative;

“Common Bond” means common Membership in an association or organisation, including a business, religious, social, co-operative, labour or educational group; or reside within the same defined community or geographical area in order to meet their common economic and social objectives and aspirations together; means persons and entities engaged in healthcare in the Republic of South Africa limited to members of registered healthcare associations, organisations and groups as specified in clause 7.

“Constitution” means this Constitution including any annexures and any amendments thereto;

“Community Development Committee” means a sub-committee of the Board established to promote community development as contemplated in the Co-operatives Act and clause 25;

“Co-operative” means a Co-operative Financial Institution or a Co-operative Bank;

“Co-operatives Act” means the Co-operatives Act No. 14 of 2005 as amended;

“Co-operative Banks Act” means the Co-operative Banks Act No. 40 of 2007;

“Co-operative Bank” means the Co-operative Bank as defined in the Co-operative Banks Act;

“Co-operative Financial Institution” means the Co-operative Financial Institution as defined in the Co-operative Banks Act;

“CIPC” means the Companies and Intellectual Property Commission established by section 185 of the Companies Act 71 of 2008;

“Credit Committee” means the sub-committee of the Board appointed in terms of clause 24;

“Dormant” as it relates to an account of a member with the Co-operative, means an account with a zero or negative balance that has not had any trading or service activity for an uninterrupted period of more than 180 (one hundred and eighty) days;

3. INTERPRETATION OF TERMS CONTINUED

“**Financial**” Co-operative means a Financial Co-operative as defined in the Co-operatives Act;

“**Financial Sector Regulation Act**” means the Financial Sector Regulation Act 9 of 2017;

“**FICA**” means personal information as required by the Financial Intelligence Centre Act (30 of 2001);

“**Gender**” A reference in this constitution to the masculine gender shall also include the feminine gender and vice versa; and the singular shall include the plural and vice versa;

“**Governance Committee**” means the sub-committee of the Board established in terms of section 13 (2) (a) of the Co-operative Banks Act 40 of 2007 and clause 22;

“**Issue Price**” means the value or price per Voluntary Share at which Voluntary Shares shall be issued to Members, being the Nominal Value plus the Share Premium;

“**Managing Director**” means the most senior person appointed by the board for the purposes of ensuring the efficient operations of the Co-operative, whose job description might refer to them as Manager, Managing Director or Administrator;

“**Mandatory Shares**” means the minimum number of shares issued as a condition of membership as specified in clause 7(h) hereof, being 1,000 (one thousand) shares at R1.00 (one rand) per share;

“**Member**” means a Member of the Co-operative by virtue of clauses 7, 9 and 10;

“**Member in good standing**” means a member who has complied with the constitution and Board policies and is not delinquent in any way with the Co-operative;

“**Membership Shares**” means shares issued to a member of the Co-operative as a requirement for membership of the Co-operative on which no interest may be paid without the written approval of the Authority and which may also be referred to as mandatory shares, which may not be redeemed for more than their nominal value;

“**Nominal Value**” means only the value on the face of the share and does not include any other value as reserves and retained earnings;

“**Nominations Committee**” means the sub-committee of the Board appointed in terms of clause 28;

“**Ordinary resolution**” means a resolution passed at a general meeting of the Co-operative where the majority of the members were present;

“**Paid up Member**” means a member who has paid the required entrance fee and minimum share and any other payments as may be determined by the Board;

“**Patronage Dividend**” means the amounts paid to members as their respective Patronage proportion;

“**Patronage points**” means the points accumulated by a Member through transactions conducted by a Member with or through the Co-operative;

“**Patronage Policy**” means the policy of the company towards the accumulation of Patronage points for purposes of calculating Patronage proportions payable to Members as Patronage Dividends based on the usage by Members of the products and services of the Co-operative;

3. INTERPRETATION OF TERMS CONTINUED

“**Patronage proportion**” means the proportion in which the value of the transactions conducted by a Member during any particular period with or through the Co-operative bears to the value of the transactions conducted by all the Members during the same period with or through the Co-operative;

“**Patronage Refund**” means a refund to members of the Patronage proportion provided that the minimum capital requirements of the Co-operative can be met after the said refund has been made;

“**Person**” means a natural person;

“**Prescribed investments**” means investments as prescribed by the Registrar in terms of the Co-operatives Act;

“**Prudential Authority**” has the meaning defined in the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017);

“**Related Parties**” means persons and entities that are also eligible to become members due to the fact that they are directly related to a member, but limited to the employees, trustees, members, directors, shareholders and associates of an entity that is a member, and the spouse, parents and children of a person that is a member; and for purposes of the maximum number of shares that a Member and Related Parties in aggregate may hold in the Share Capital of the Co-operative in terms of Clauses 31 and for purposes of related party transactions, means the persons that are directly related as the spouse, or parents or children of a Member, or in the case of a legal entity Members mean the persons or entities that are defined as related parties as applicable in terms of the International Financial Reporting Standards IAS 24 as issued by the International Accounting Standards Board;

“**Registrar**” means the Registrar of Co-operatives at the CIPC;

“**Regulations**” mean the Regulations issued in terms of the Exemption Notice No. 35368;

“**Rules**” mean the Rules issued in terms of the Exemption Notice No. 35368;

“**Special Resolution**” means a resolution passed by no less than 2/3 (two thirds) of Members voting affirmative at a duly constituted general meeting;

“**Shares**” mean all the Mandatory Shares and Voluntary Shares;

“**Standards**” mean the Standards issued in terms of section 46(1) and 44(4)(b) of the Co-operative Banks Act 40 of 2007 read with sections 105 and 108 of the Financial Sector Regulation Act 9 of 2017 as well as the Regulations and Rules issued in terms of the Co-operative Banks Act 40 of 2007;

“**Share Premium**” means a premium per Voluntary Share as approved by the Board and authorised by Members from time to time at an Annual General Meeting or Extraordinary Meeting. No Share Premium is applicable to Mandatory Shares;

“**Surplus**” means the net amount by which the total financial value received exceeds the total financial costs and expenditure, after allowances for provisions, depreciation, amortisation and taxation for a specified period as approved by the Board and certified by the Auditor;

“**Voluntary Shares**” mean any number of shares in addition to the Mandatory Shares acquired by a Member in terms of clause 31 and which are subject to the Special Rules related to Voluntary Shares in terms of clause 31(b).

4. PLACE OF BUSINESS

(a) The main place of business of the Co-operative is situated at:

Physical address: Office 201, 2nd Floor, Clock Tower Building, Clock Tower Precinct, Waterfront 8002, Cape Town.

District: Cape Town

Province: Western Cape

(b) The contact details of the Co-operative are as follows:

Postal address: PO Box 51286, Waterfront, Cape Town, 8001

E-mail: info@medi.coop

Tel: +27 (0)87 057 1427

(c) The registrar and the Authority shall be notified of any change of situation of the main place of business of the registered Co-operative.

5. OBJECTIVES

- (a) To promote and advance the social and economic welfare of its Members by enhancing access to financial services under sustainable conditions by providing banking services in accordance with the provisions in terms of the Co-operative Banks Act 2007, as amended.
- (b) To encourage savings by providing a means whereby such savings may receive a competitive rate of return.
- (c) To achieve a Surplus for purposes of enhancing sustainability, improve services to Members and incentivising active participation by Members through Patronage Proportion payments.
- (d) To actively support the formation of support organisations and of higher tier Co-operative Banks, with the aim of enhancing support, access to capital and improved services to Members.



6. SERVICES TO MEMBERS

The Co-operative may provide the following financial services to its members and associate members, subject to directives by the Authority as may be applicable:

- (a) Solicit and accept money, deposits, debt and savings instrument investments and donations from Members and Associate members (“deposits”) hereinafter;
- (b) Open banking accounts (inter alia savings accounts, cheque accounts) for its members and associate members, into which that Member may deposit or withdraw money and from which that Member may instruct the Co-operative to transfer or pay money; in terms of the policies and procedures of the Co-operative as approved by the Board;
- (c) Borrow money from other organisations including government agencies and banking institutions up to a percentage of the assets held by it as prescribed by the Authority;
- (d) Open a savings account or cheque account in the name of the Co-operative with any bank registered in terms of the Banks Act 1990, or as approved by the Authority in writing;
- (e) Grant secured and unsecured loans, provide finance, provide security, and credit to Members and associate members to a maximum aggregate value prescribed by the Authority;
- (f) Conduct any additional services functions as may be prescribed by the Authority;
- (g) Including the establishment and funding of community development organisations and special purpose limited liability legal entities by the Board for purposes of promoting the objectives of the Co-operative as stated in clause 5;
- (h) Invest money from its members and associate members in prescribed investments as may be prescribed by the Authority;
- (i) Provide negotiable instruments to Members and associate members;
- (j) Provide trust and custody services to Members and associate members.

7. MEMBERSHIP

- (a) Membership shall be limited to persons who qualify for Membership of this Co-operative. Members must meet at least one of the criteria as listed below:
- (i) Persons who are employed by common employer(s) or who are employed within the same business district;
 - (ii) Have common membership in an association or organisation, including religious, social, co-operative, labour or educational group; and
 - (iii) Reside within the same defined community, rural or urban district, and which group receives funds from Members against the issue of Membership Shares or by means of the subscription of Members.
- (b) The qualifying criteria for membership of the Co-operative shall be:
- Common Bond: Membership shall only be available to persons and entities, including their Related Parties, that are members of any of the following associations, organisations and groups listed below:
- (i) Health Professionals Council of South Africa;
 - (ii) The South African Nursing Council;
 - (iii) Pharmaceutical Society of South Africa;
 - (iv) South African Medical, Dental, Homoeopathic, Physiotherapy and Psychiatrists Associations;
 - (v) Board of Healthcare Funders and the Council for Medical Schemes;
 - (vi) South African Institute for Health Care Managers;
 - (vii) Hospital, Day Hospital and Renal Care Associations of South Africa;
 - (viii) South African Veterinary Association;
 - (ix) South African Medical Association;
 - (x) The Public Health Association of South Africa;
 - (xi) The South African Medical Device Industry Association;
 - (xii) The Professional Provident Society of South Africa;
 - (xiii) Any further groups approved by the Authority as contemplated in terms of clause 7(a)(i) to (iii).

7. MEMBERSHIP CONTINUED

- (c) No discrimination will be allowed along the lines of race, political affiliation, gender or religion.
- (d) Minors may become Members, if duly assisted by their parents / legal guardians. Minors will, however, have no voting rights if under the age of 18 (eighteen) years.
- (e) Every applicant for Membership shall complete the prescribed “Application for Membership” form, provide proof of identity, other required FICA documentation and affiliation in accordance with the co-operative principles.
- (f) Entities, such as societies, associations, clubs, partnerships and companies comprising individuals who in their own right are eligible to become Members of the Co-operative, may be admitted as Members in the same manner and under the same conditions as individual members, subject to such legal entity nominating at least 1 (one) natural person as the authorised representative of such Member.
- (g) Should a Member resign its/his/her membership of an association, organisation or group listed in 7 (b) above, the member may remain a member of the Co-operative, subject to such member conforming to all other membership requirements of the Constitution.
- (h) An applicant shall be admitted to Membership on being approved a majority vote of the board or by delegation of authority by the Governance Committee, but shall not qualify for the rights and privileges of Membership until he/she has paid a Joining fee of R200 (two hundred rand) and acquired the minimum of 1,000 (one thousand) Mandatory Shares as determined by the Board from time to time. It is noted that the entrance fee is non-refundable. The share contribution may not be withdrawn on demand and may only be withdrawn as provided for in clauses 9, 10 and 31.
- (i) Every Member and Associate Member shall be entitled to receive a monthly statement which will be issued upon request and shall include transaction receipts which shall record his/her shares, deposits and loan transactions with the Co-operative. The statement shall constitute a certificate of shareholdings, unless it is proved otherwise.
- (j) Every Member shall be registered on the Co-operative’s Member database, details will include the name, surname, identification number (ID), and date joined as required by the Authority and recorded in the Member Share Register.
- (k) In the event that the Co-operative allows for Associate Members in terms of clause 7(m) below, a separate Associate Member register shall be kept and updated with all detail provided as required by the Authority.
- (l) Every Member shall nominate in writing at a minimum 1 (one) person to whom, upon his/her death, his/her Membership Shares and Additional Membership Shares and any amount due to such Member shall be transferred. The Member shall have the power to change the name of the nominee/s. The name shall be entered into the Member database, with the original document securely kept by the Co-operative. The Member shall sign any alteration of a nominee/s. If not admitted to Membership, the nominee shall be paid in full the nominal value of the Membership Shares and Additional Membership Shares and/or assets less any sum due from the deceased Member to the Co-operative. Such payment shall be made as soon as possible but, subject to clause 29, not later than 6 (six) months after the death of the Member.

7. MEMBERSHIP CONTINUED

- (m) The Co-operative shall at all times keep and update registers of all its Members and Associate Members.
- (n) All Members of the Co-operative should have a copy of the current constitution of the Co-operative or unrestricted access thereto.
- (o) The Transfer of Membership, Member Loans and Shares shall only be allowed subject to:
 - (i) Membership, Member Loans and Shares may be transferred at such value as agreed between the Member and Transferee, but only with the approval and on authority of the Board, which shall satisfy itself that the proposed transferee is qualified to be a member of the Co-operative and otherwise not in breach of this Constitution;
 - (ii) The Board may at any time refuse to approve and register such Transfer as per clause 7 (m) above;
 - (iii) The transfer request, as envisaged per clause 7(m) above, shall be in writing in such form and signed in such a manner as the Board may stipulate from time to time; and
 - (iv) Once a transfer as contemplated in this clause 7(m) has been approved by the Board, the Board shall issue to the transferee the necessary new membership and share certificates and cancel the applicable old certificates of the transferor Member.
- (p) The Co-operative may, as provided for in section 14(A) of the Co-operatives Amendment Act, allow Associate members, who want to provide support to the Co-operative, or who may benefit from the Co-operative, without becoming members, provided that:
 - (i) Associate membership is temporary for a maximum period of 12 (twelve) months from acceptance, within which period the Associate member may at any time apply to become a fully paid up member, and
 - (ii) Prior to expiry of twelve 12 (twelve) from becoming an associate member, Associate members may annually renew their Associate membership for a further twelve 12 (twelve).
 - (iii) An Associate member shall have no voting rights prior to becoming a fully paid member.
 - (iv) The Co-operative's Loan Policy shall provide for the temporary nature of Associate members and separately report the number of Associate members in its financial statements.

8. LIMITATION OF LIABILITY

The liability of a Member towards the liabilities of the Co-operative by virtue of his or her Membership shall be limited to an amount equal to the nominal value of the Membership Shares. Additional Membership Shares held by him/her and he/she is not otherwise personally liable for any of the debts of Co-operative, except where other special circumstances exist, e.g. when explicit guarantees have been given.

9. TERMINATION OF MEMBERSHIP

- (a) Membership shall cease upon:
 - (i) Death of the Member;
 - (ii) receipt by the Co-operative of voluntary termination of Membership in writing, subject to a three-month notice period; or
 - (iii) expulsion from the Co-operative. The expelled Member may still avail himself/herself of a dispute resolution procedure.
- (b) Upon termination of Membership, a Member shall be entitled to receive the full amount standing to his/her savings less the amount of any loans, interest and fines payable, as funds become available, but not later than 12 (twelve) months from the date of receipt of the written notice of withdrawal by the Co-operative, subject to the conditions of the product. Fixed term obligations shall be repaid with accrued interest (less penalties for early withdrawal) upon termination of Membership.
- (c) Membership Shares and Additional Membership Shares may not be redeemed at their nominal value if there are reasonable grounds for believing that the realizable value of the Co-operative's assets is less than the total of its liabilities and book value of such shares and reserves. In such cases, the member must either leave such shares in the Co-operative if there is a chance that they can be redeemed at 100% (one hundred percent) of nominal value or accept a repayment based on the net worth of such shares at the time.
- (d) Membership Shares and Additional Membership Shares may not be redeemed for more than their nominal value and exclude any reserves and retained earnings.
- (e) If the Co-operative determines that the repayment of any member's Membership Shares and Additional Membership Shares upon withdrawal will result in the Co-operative not meeting its statutory capital requirements, the Co-operative may defer such payment for a period not exceeding 2 (two) years.
- (f) Any deferral in terms of (e) above must immediately be reported to the Authority.
- (g) Upon the death of the Member, his/her Membership Shares, Additional Membership Shares and savings will be transferred to the nominated beneficiary as entered by the Member.



10. TRANSFER OF MEMBERSHIP, LOANS FROM MEMBERS, MEMBERSHIP SHARES AND ADDITIONAL MEMBERSHIP SHARES

- (a) Membership, loans from Members (external borrowings), Membership Shares and Additional Membership Shares may be transferred, with Board approval, from one member to another.
- (b) Membership, loans from Member (external borrowings) and Membership Shares may be transferred from the Co-operative to another registered Co-operative, subject to Board approval and the approval of the Authority.

11. SUSPENSION/EXPULSION OF A MEMBER

Members are expelled/suspended subject to the following provisions:

- (a) A Member may be suspended if he/she does not comply with the Constitution, any rules of the Co-operative and/or failure to pay on due dates or arranged extensions on any due dates any amounts owing by the Member to the Co-operative.
- (b) A Member, whose accounts are more than 180 (one hundred and eighty) days dormant, may be suspended once the Board has been officially notified.
- (c) A suspended Member shall not have any voting rights during any period of suspension.
- (d) The board, by majority vote, may recommend a Member for expulsion and may then suspend the Member and by so doing deprive him from any benefits of the Co-operative until such time as the issue is voted on at a general meeting.
- (e) Prior to a decision on expulsion the Members shall be afforded an opportunity to be heard at the general meeting. If the general meeting ratifies such expulsion by a special resolution, it shall be effective from the date of suspension. If the general meeting does not ratify the expulsion by the required majority, the suspension shall be immediately removed and the Member treated as if no such suspension had been imposed.
- (f) A Member expelled in terms of these provisions shall forfeit all rights to share in the surplus or other benefits of the Co-operative and Shares shall be cancelled and repaid on similar terms as specified in clause 9(c).



12. ANNUAL GENERAL MEETING (AGM)

The ultimate authority of the Co-operative emanates in properly convened general meetings of Members.

- (a) The Co-operative must hold its first AGM within 18 (eighteen) months of registration.
- (b) Subsequent AGMs within 6 (six) months after the end of the preceding financial year and notify the Authority.
- (c) At least 21 (twenty one) days before the date of AGM or extraordinary general meeting of Members, the secretary shall provide written notice (which may be in electronic form) including the agenda, to each Member and must post notice of the meeting at the place of business of the Co-operative and other noticeable places where it may be read by the Members.
- (d) The order of business at an AGM shall be:
 - (i) Ascertainment that a quorum is met;
 - (ii) Reading and approval of the minutes of the last meeting;
 - (iii) Report of Board, including the Activity Plan that summarizes the operational and financial objectives of the Co-operative for the next financial year;
 - (iv) Report of the Treasurer;
 - (v) Report of the Audit and Supervisory Committee;
 - (vi) Report of the Credit Committee;
 - (vii) Reports of other committees;
 - (viii) The consideration of the audit report and annual financial statements and appropriation of surplus;
 - (ix) The presentation and consideration of the budget statement;
 - (x) Consideration of any inspection report made by or on behalf of the Authority;
 - (xi) Election of directors and Members of the audit committee;
 - (xii) Appointment of an auditor;
 - (xiii) Remuneration and other benefits of directors, including the Managing Director; and
 - (xiv) Any other business.
- (e) The Members assembled at any annual general meeting may defer the above order of business upon a 2/3 (two thirds) vote of the Members present at the meeting.
- (f) The Minutes, the annual accounts, the report of the Board and audit committee and a statement of the number of Members at the end of year and any available documents issued pursuant to the agenda shall be displayed at the office of the Co-operative, or made available to members electronically, at least 14 (fourteen) days before the Annual General Meeting.

12. ANNUAL GENERAL MEETING (AGM) CONTINUED

- (g) Written resolutions to be considered at a General Meeting shall be supported by at least 10% (ten percent) of Members and deposited with the Secretary not less than 21 (twenty one) days before the meeting and displayed at the office of the Co-operative, or made available to members electronically, prior to the meeting. Resolutions requiring the approval of the AGM and which would affect operating costs shall be accompanied by a statement from the Board as to the financial implications of such resolutions.
- (h) A Resolution may be withdrawn at any time before voting commences.
- (i) If a resolution to be considered at a general meeting and which has been displayed is withdrawn and the secretary notified in writing (which may be in electronic form), notice of such withdrawal shall forthwith be displayed at the office of the Co-operative.
- (j) At least 14 (fourteen) days before the date of any annual or extraordinary general meeting of Members, the secretary shall provide a written agenda to each Member and must post the agenda in the place of business and other noticeable places where it may be read by the Members at least 14 (fourteen) days prior to such meeting.
- (k) The Co-operative must provide reasonable access to all members to attend an annual or extraordinary general meeting by hosting the meeting at a physical location as well as by means of telephone or other electronic means in such format as the Board may determine allowing members to participate in the meeting.

13. EXTRAORDINARY MEETINGS

- (a) Extraordinary General Meetings may be called by the Board on their own initiative and shall be called at the request of the Audit Committee, or upon a written petition signed by at least 2/3 (two thirds) of Members. Notice of any Extraordinary General Meeting shall state the purpose for which it is to be held and no business other than that related to this purpose shall be transacted at the meeting.
- (b) The Audit Committee may at any time request the Board to summons an Extraordinary General Meeting in such manner and at such time and place as they may direct, and must specify what matters shall be discussed at any such meeting.
- (c) Notice of an Extraordinary General Meeting must be communicated and be received by the Authority at least 10 (ten) business days prior to such meeting.



14. QUORUM

- (a) A quorum for an AGM or Extraordinary General Meeting shall be duly constituted as follows:
 - (i) If the Co-operative membership consists of 200 (two hundred) or less members, by at least 1/10 (one tenth) of the Members of the Co-operative; or
 - (ii) If the Co-operative consists of more than 200 (two hundred) members, by no less than 20 (twenty) members plus 1% (one percent) of the number of members more than 200 (two hundred).
- (b) If a quorum is not secured within 1 (one) hour of the opening of the general meeting, the meeting shall
 - (i) if convened as an extra ordinary meeting in terms of 14(a) above, be deemed to be cancelled; or
 - (ii) if otherwise convened, subsequent to an announcement to the Members, be adjourned and reconvened on the same day in the next week at the same time and place, or, if that day is a public holiday, to the next day which is not a statutory holiday; provided that no additional item shall be included on the agenda of the reconvened meeting.
- (c) If no quorum is present within 1 (one) hour at a meeting reconvened in terms of 14(b)(i) the Members present, being not less than 5 (five) shall constitute a quorum. No decisions requiring a special resolution shall be taken at such a meeting.
- (d) Every matter submitted to a general meeting for resolution, except for a matter requiring a special resolution, shall be determined by a majority of votes recorded at the meeting.
- (e) Every matter requiring a special resolution shall be determined by a majority vote of 2/3 (two thirds) of votes recorded at the meeting.
- (f) Inactive or dormant members, as determined and approved by the Board, may be deducted from the total number of members when determining a quorum.



15. MEETING PROCEDURES

The chairperson of the board, or, in his/her absence, the vice chairperson or, in the absence of both, any other director elected during the meeting, shall act as chairperson of any AGM or of an Extraordinary General Meeting.

- (a) Minutes of all Meetings of Members shall be kept by the Secretary, and shall be entered into a Minutes Book, which shall be kept at the registered office of the Co-operative, within 2 (two) months of the Meeting. The Minutes shall then be submitted, in the case of Minutes of an AGM to the next AGM and, in the case of Minutes of all other General Meetings, to the next General Meeting. Such minutes shall be signed by the Chairperson and secretary of the Meeting where they were approved and shall be kept in the Minutes Book.
- (b) The minutes must contain:
 - (i) The number and names of Members present at the meeting, the names of presiding officers and confirmation that a quorum was present; and
 - (ii) The time, place and date of the meeting and a record of all decisions made.



16. ELECTIONS

- (a) Every Member shall have only 1 (one) vote.
- (b) Subject to directives by the Authority as provided for in section 12(h)(d) of the Co-operatives Amendment Act and within the limitations set by section 29 (5) of the Co-operatives Amendment Act, voting by proxy will be allowed, provided that the number of votes by proxy at any meeting may not exceed 25% (twenty five percent) of the total membership of the Co-operative and that the number of proxies that any single member may carry on behalf of other members may not exceed 5% (five percent) of the total membership of the Co-operative. Voting electronically (email, fax or cell phone) or by letter is permitted.
- (c) A Member may attend and vote at a meeting of the Co-operative by means of telephone, mobile communication device or other electronic means in such format as the Board may determine and such members shall be deemed to be present at the meeting.
- (d) At least 30 (thirty) days prior to each AGM the board shall appoint a nominating committee of not less than 3 (three) Members. It shall be the duty of the nominating committee to nominate one or more nominees for each vacancy to be filled by the elections.
- (e) No person shall hold the office of Director or Audit Committee member if:
 - (i) within the previous 10 (ten) years has been convicted in the Republic or elsewhere of theft, fraud, forgery or uttering a forged document, perjury, an offence under the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004), an offence under the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001), or any offence involving dishonesty; or
 - (ii) has been convicted of an offence committed after the Constitution of the Republic of South Africa, 1996 took effect, and sentenced to imprisonment without the option of a fine; or
 - (iii) has contravened the provisions of any law the object of which is the protection of the public against financial loss; or
 - (iv) is a former director or executive officer of a financial co-operative (as defined in the Co-operatives Act) or any other financial co-operative institution and that the person's actions contributed to the inability of that financial co-operative or other financial co-operative institution to pay its debts; or
 - (v) has taken part in any business practices that were deceitful, prejudicial, or otherwise improper (whether unlawful or not) or which otherwise brought discredit to that person's methods of conducting business.
- (f) Any member who is suspended, or is 2 (two) or more months in arrears on loan payments, or remains in breach of any financial covenants related to credit provided shall not qualify for nomination.
- (g) It shall be the duty of the nominating committee to assure that all nominees proposed for election are Members in good standing who qualify for election in accordance with this constitution.



16. ELECTIONS CONTINUED

- (h) After the nominating committee has placed before the Members the names of candidates proposed, the chairperson shall call for nominations from the floor. When nominations are closed, tellers shall be appointed by the chairperson to distribute and tally the ballots and announce the results.
- (i) All elections shall be determined by plurality vote of Members present and shall be by ballot except where there is only 1 (one) nominee for the office, in which case such nominee shall automatically be appointed without the process of requesting votes.
- (j) A declaration by the Chairperson that a resolution has, on a show of hands or by ballot, been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minutes of the proceedings of the meeting, shall be conclusive proof thereof, without evidence as to the number or proportion of votes recorded for or against such resolution.
- (k) If no objection is raised in terms of the provisions of this constitution against the validity of any vote cast at the meeting, whether on a show of hands or by ballot, every vote cast at the meeting that has not been disallowed shall for all purposes be deemed to be valid.
- (l) Nominations shall be in the following order:
 - (i) Nominations for Directors; and
 - (ii) Nominations for Audit Committee Members.
- (m) In the case of an equality of votes, the chairperson shall have a casting vote.

17. BOARD OF DIRECTORS

- (a) All directors shall be Members of the Co-operative and must include the Managing Director in an ex-officio capacity with no voting rights. None of the directors, other than Managing Director may be employees of the Co-operative.
- (b) This board shall consist of up to 15 (fifteen) members. The number of voting directors may be changed to any odd number but not being fewer than 9 (nine), not more than 15 (fifteen) by resolution of the AGM.
- (c) The board shall endeavour to be reasonably representative of the total member profile.
- (d) A majority of all the directors (50% + 1) shall constitute a quorum for any meeting of the board.
- (e) All elected, appointed or co-opted officers and Members of the Board shall sign an acceptance of office and affirm that they will implement the provisions of this constitution as well as abide by a code of conduct as determined by the board, carry out their duties faithfully and treat all information submitted by Members in connection with the Co-operative transactions as confidential.
- (f) Within 10 (ten) days after each AGM of the co-operative, elect as officers from their own number a Chairperson, a Vice Chairperson, a Treasurer, a secretary and one other. These persons shall form the Governance Committee and shall serve as officers of the co- operative.
- (g) Each Director may be allocated a specific functional area for which he has to accept responsibility and an alternate Member to accept that responsibility in his or her absence.
- (h) Directors shall hold office until the election and qualification of their successors. The regular term of office shall be 3 (three) years with 1/3 (one third) of the positions being open for election each year. At the first AGM, 3 (three) directors shall be elected to serve for 3 (three) years, 3 (three) directors shall be elected to serve for 2 (two) years and 3 (three) directors shall be elected for 1 (one) year. Thereafter elections shall be for 3 (three) years.
- (i) Board meetings shall be held at least 4 (four) times per financial year, with no successive meetings being more than 92 (ninety two) days apart.
- (j) The Board may delegate functions to a director, committee or manager in terms of a Board approved delegations of authority policy.
- (k) Special meetings may be called by the chairperson or in his/her absence by the vice chairperson at any time, or upon written request of any 3 (three) directors.
- (l) Any vacancy on the board, credit committee, and audit committee shall be filled by vote of a majority of the directors then holding office. Directors or audit committee Members so appointed shall hold office only until the next annual general meeting, at which time the unexpired term shall be filled by vote through the election process.





17. BOARD OF DIRECTORS CONTINUED

- (m) The office of a director or credit committee member may be declared vacant by the board and the vacancy filled as herein provided if a director or a credit committee Member materially:
 - (i) fails to attend regular meetings of the board or credit committee for more than 4 (four) consecutive meetings, or
 - (ii) otherwise fails to perform any of the duties upon him as a director or a credit committee Member, or
 - (iii) does not comply with the loan policy, or
 - (iv) does not abide by the rules of the Co-operative.
- (n) A director may, after due notice, be relieved of his/her office by resolution of a general meeting before the expiry of his/her term of office and another qualified person may be elected in his/her place at that meeting. Nominations for the election of such a director shall be made at the meeting. If that meeting does not fill the vacancy it shall be regarded as a casual vacancy. A director so appointed or elected shall not hold office for a period longer than the unexpired portion of the period of office of the vacating director.
- (o) Minutes of all meetings of the board, credit committee, audit committee and all other committees that might have been established shall be maintained in terms of the Co-operatives Act and Co-operative Banks Act and verified by the recorders and presiding officers of the meetings. Such minutes shall contain the names of Members present, the date, time and place of meeting; and a record of all decisions made. Such minutes shall become a part of the permanent record of the Co-operative.
- (p) A director of a Co-operative who is in arrears for more than 3 (three) months with any amount or type of debt payable to the Co-operative, is disqualified from continuing as a director and must vacate his or her office immediately upon being notified.
- (q) Directors may not serve more than 2 (two) consecutive terms of office unless otherwise specifically approved for an individual by special resolution at an annual general meeting.
- (r) The Board may, in instances where it is necessary to comply with legislation or where the Authority requires so in the exercise of its legislative powers, pass a resolution by round robin. Such resolution shall be submitted for noting at the next meeting of the Board.



18. FUNCTIONS OF THE BOARD

The Board shall be responsible for the management of the affairs of the Co-operative. This shall include, without limitation, the following functions, subject to relevant specific resolutions taken by the Members at the AGM:

- (a) Provide the strategic direction, ensure adequate controls and monitoring the progress of all activities of the Co-operative;
- (b) Open banking accounts in the name of the Co-operative with any permissible banking institution (where applicable);
- (c) Within 10 (ten) days of the AGM appoint a Governance Committee as per clause 22. 2 (Two) board members shall sit on this committee, preferably the Chairperson and his/her vice or one other, to ensure prompt and effective communication between the board and the Governance committee;
- (d) Within 10 (ten) days of the AGM appoint a credit committee. 1 (One) board Member shall sit on this committee, preferably the treasurer, to ensure prompt and effective communication between the board and the credit committee;
- (e) Within 10 (ten) days of the AGM appoint a Community Development Committee. 1 (One) board Member shall be allocated this as a portfolio to ensure prompt and effective communication between the board and the community development committee;
- (f) Within 10 (ten) days of the AGM appoint an Education Committee. 1 (One) Board Member shall be allocated this as portfolio to ensure prompt and effective communication between the Board and the education committee;
- (g) Determine from time to time the interest rates on deposits and loans, the rate of interest refund, if any, to be made to Members;
- (h) Have control of the investments of the Co-operative other than loans to Members, except to the extent that the board may have delegated this responsibility to the management committee or to a Managing Director employed by them;
- (i) Subject to the approval of the Authority, recommend a declaration of interest on Membership Shares and Additional Membership Shares or dividends on share capital or patronage payments;
- (j) Recommend a Patronage Refund to Members;
- (k) To establish savings policy and loans policies to be followed by the credit committee;
- (l) To establish a Patronage Policy for purposes of Patronage Dividends payable to Members;
- (m) To establish a Delegation of Authority Policy for directors, committees and management;
- (n) Approval of new products and services subject to the provisions of the Co-operatives Act, Co-operative Banks Act and Standards;
- (o) May, without in any way diminishing the duty of care or responsibilities of the Board and subject to all related directives by the Authority, outsource the provision of some support functions related to financial and enterprise technology systems, infrastructure, credit vetting, investment management, and related matters to a secondary co-operative bank of which the Co-operative is a member or competent professional 3rd parties;

18. FUNCTIONS OF THE BOARD CONTINUED

- (p) Mobilising the support of local communities associated with the Common Bond; be a member of and enter into an agreement with a representative body, support organisation or higher tier co-operative bank;
- (q) Report back to the Members regarding the status and development of the Co-operative;
- (r) Authorise the conveyance of property;
- (s) Submit the accounts of the Co-operative for audit;
- (t) Review the list, as prepared by the Managing Director, of Members who are in arrears on loan instalments with the proposed recommended action;
- (u) Review bad debts written off and uncollectible loans from the account books;
- (v) Suspend, until the next AGM, any or all Members of any committee for failure to perform their duties. Such action shall be subject to ratification by a vote of Members at the next AGM;
- (w) Receive grants and donations for the Co-operative;
- (x) Borrow funds from the Co-operative Bank Development Agency, Secondary Co-operative Bank of which the Co-operative is a Member or other external sources of finance once authorised by special resolution;
- (y) Employ, fix the compensation, and prescribe the duties of the Managing Director and have the power to remove such employee from office if necessary;
- (z) Ensure that the Co-operative is meeting all its compliance requirements;
- (aa) Ensure that the Co-operative is keeping proper bookkeeping records and is able to present financial statement(s) to the board on a monthly basis;
- (ab) Ensure that the business of the Co-operative is duly processed;
- (ac) Adhere to the Board of directors' commitment: "owing members duty of care and be potentially held liable should the Co-operative misuse Member savings during their term of office"; and
- (ad) May take out director's liability insurance cover, as provided for in clause 21(b).



19. CO-OPERATIVE MANAGING DIRECTOR

- (a) The Co-operative Managing Director should be:
 - (i) respected and trusted;
 - (ii) matriculated;
 - (iii) able to perform the operational functions of the Co-operative after training has been received, if necessary;
 - (iv) able to fulfil the criteria set by the Board; and
 - (v) able to perform other reasonable duties as the Members may require.
- (b) Any of the following persons shall be disqualified from being appointed as General Manager:
 - (i) A juristic person;
 - (ii) A minor or any person under legal disability; and
 - (iii) A person that would have been disqualified for meeting the criteria as a director in terms of 16 (e) above.

20. DISCLOSURE OF INTEREST

- (a) A director or Managing Director of the Co-operative must, in writing, disclose to the Co-operative in accordance with section 37 of the Co-operatives Act:
 - (i) the nature and extent of any interest that he or she has in a contract or transaction, or a proposed transaction, with the Co-operative; and
 - (ii) any material change to such interest.
- (b) It is up to the discretion of the other sitting Members of the board or sitting committee to determine whether or not the Member must excuse herself/himself from the meeting while the matter is being discussed or be allowed to participate in the discussion of the matter.
- (c) Any disclosure must be recorded in the minutes of the meeting of directors.
- (d) The board must, in accordance with the Co-operatives Act, keep a register of directors and Managing Directors interests in contracts or undertakings containing full particulars of every disclosure of interest made.
- (e) A director or Managing Director of the Co-operative who fails to comply with this section is subject to disqualification.

21. LIABILITY OF DIRECTORS

- (a) A director of the Co-operative shall not be liable to any person in his/her personal capacity for any loss or damage which may occur in or in connection with the performance of his/her duties unless: a Director or General Manager that knew or knows that the business of the Co-operative is being carried on recklessly with intent to defraud creditors of the Co-operative or creditors of any other person or for any fraudulent purpose is personally responsible, without any limitation of liability, for all or any of the debts or other liabilities of the Co-operative.
- (b) The Co-operative may take out Directors liability insurance cover with a reputable Insurance Group.

22. GOVERNANCE COMMITTEE

- (a) The governance committee of the Co-operative shall at least consist of the chairperson, vice-chairperson, treasurer and the secretary. The Managing Director will serve on this committee.
- (b) The chairperson shall preside at all meetings of the Members and at all meetings of the board, unless disqualified as set out in this constitution and together with the treasurer shall sign all conveyance of property.
- (c) The vice-chairperson shall exercise the powers, authority and duties of the chairperson in his/her absence.
- (d) The treasurer or where applicable, the Managing Director of the Co-operative, shall subject to such limitation and control as may be imposed by the Board, have custody of all funds, securities, valuable papers and other assets of the Co-operative. He/she shall sign all negotiable instruments and other obligations of the Co-operative. He/she shall provide and maintain full and complete records of all assets and liabilities of this Co-operative. Within 15 days after the close of each month, he/she shall prepare and submit to the board a financial and statistical report showing the condition of this Co-operative as of the end of each month.
- (e) The board may authorise the Governance Committee to approve applications for Membership. No executive committee Member or Membership officer shall be compensated as such, other than for direct costs incurred as per related policy approved by the Board.
- (f) The secretary shall give or cause to be given, in the manner provided for in this constitution, proper notice of all meetings of the Members and the Board.



23. STANDING COMMITTEES

- (a) The board may appoint standing committees under the control of particular directors for the following functional responsibilities:
- (i) The Board must appoint a Credit Committee whose terms must include those identified in clause 24.
 - (ii) The Board may appoint a Community Development Committee.
 - (iii) Marketing and Promotion Committee which shall be responsible for the promotion of new Members, products and services.
 - (iv) Education Committee which shall be responsible for the continuing education of the Members of the Co-operative. All new Members may be required to participate in education programmes to acquaint themselves with their rights and responsibilities as Members.
 - (v) Security Committee.
 - (vi) Any other committee as may be deemed necessary for the smooth running of the Co-operative.
- (b) The terms of reference of each committee must be clearly stipulated on the constitution of such committee.

[Noted: The Audit and Supervisory Committee is appointed by the members at the AGM as per clause 26 below]



24. CREDIT COMMITTEE

- (a) The credit committee shall consist of not less than 3 (three) but not more than 5 (five) Members appointed by the board. The term of office of each Member shall be 3 (three) years with the term of office of minimum one third, maximum half of the committee Members expiring each year.
- (b) The credit committee shall meet as often as necessary (at least once a month) to promptly process Members' applications for loans. The committee shall be convened by the chairperson or at the request of any 2 (two) Members of the committee.
- (c) Approval of a loan must be by unanimous decision of the committee member in attendance (including members attending by means of electronic communication media). A committee meeting must have a quorum to act. A quorum shall consist of a majority of its Members.
- (d) The credit committee shall maintain a permanent Register of Loans considered by the committee. The Register shall contain the names of committee Members present at each meeting. For each loan application considered, the Register of Loans shall show the Membership number and name of the loan applicant, the amount applied for and the action taken by the committee. For approved loans, the record shall show the amount approved and any conditions attached to the approval. If declined or deferred, the reasons for such action shall be recorded and conveyed to the applying Member. Credit committee Members in attendance at the meeting shall sign the register at the end of each meeting.
- (e) The credit committee shall report to the board at each board meeting and shall strictly adhere to the loan policy established by the board.

25. COMMUNITY DEVELOPMENT COMMITTEE

- (a) The community development committee shall consist of not less than 3 (three) but not more than 5 (five) Members appointed by the board. The term of office of each Member shall be 3 (three) years with the term of office of minimum 1/3 (one third), maximum half of the committee Members expiring each year.
- (b) The community development committee shall meet as often as necessary (at least once a quarter). The committee shall be convened by the chairperson or at the request of any 2 (two) Members of the committee. A quorum shall consist of a majority of its Members.
- (c) The community development committee shall recommend to the Board an annual community healthcare development programme related to the Common Bond and Objective of the Co-operative.
- (d) The community development committee shall consider and may approve such community development projects that comply with its terms of reference and falling within the annual community development programme as approved by the Board.

26. AUDIT AND SUPERVISORY COMMITTEE

- (a) The audit and supervisory committee shall consist of 3 (three) Members with adequate financial experience and expertise elected at the AGM. The term of office of each Member shall be 3 (three) years with the term of office of 1 (one) expiring each year.
- (b) At least 1 (one) Member of the committee shall, from an internal audit point of view, attest the financial statements of the Co-operative accounts which the treasurer/chief accounting officer and/or the Managing Director is required to prepare each month. The audit and supervisory committee should at least meet once a quarter.
- (c) The audit and supervisory committee shall review the adequacy and efficiency of internal control systems, accounting practices, information systems and auditing processes within the Co-operative and make appropriate recommendations to the Board.
- (d) The audit and supervisory committee shall facilitate and promote communication regarding the matters referred to in (c) or any other related matter between the members, board of directors, executive officers, auditor and the employee charged with the internal auditing of the transactions of the Co-operative.
- (e) The audit and supervisory committee shall introduce measures that in the committee's opinion may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Co-operative.
- (f) The audit committee must meet at least quarterly and a majority of Members shall form a quorum at such meetings.
- (g) By unanimous vote, if deemed necessary for the proper conduct of the business of the Co-operative, the committee may recommend to the board the suspension of any officer, board or committee Member. The board shall call an extraordinary general meeting within 30 (thirty) days thereafter to present a report and recommendation to the Members concerning such actions. Such action will be reported to the Authority.
- (h) The audit and supervisory committee shall receive and investigate any complaint or appeal by Members concerning the operations of the Co-operative.
- (i) The audit and supervisory committee shall provide a report of each meeting and all actions taken to the next regular meeting of the board.
- (j) The audit and supervisory committee shall provide a report of each meeting and all actions taken to the Authority.
- (k) Any actions taken against any director or committee Member by the audit committee must be reported to the Authority.
- (l) The Audit and Supervisory Committee shall supervise the Board as contemplated in sections 27 and 28 of the Co-operatives Act.

27. INVESTMENT COMMITTEE

- (a) The Investment committee plays a central governance role for all investment related activities. This committee will usually comprise of the treasurer, 2 (two) Board members and the manager. The function of this committee is to manage the investment portfolio of the Co-operative in accordance with the conditions laid down in the investment policy as approved by the Board of directors.
- (b) The investment committee shall consist of not less than 3 (three) members, but not more than 5 (five) members appointed by the Board. The term of office of each member shall be 3 (three) years with the term of office of 1/3 (one third) of the committee members expiring each year.
- (c) The investment committee shall meet as often as necessary (at least four times a year) to manage the investment portfolio of the Co-operative in accordance with the conditions laid down in the investment policy as approved by the Board of directors.

28. NOMINATIONS COMMITTEE

- (a) The nominations committee shall consist of not less than 3 (three) but not more than 5 (five) Members appointed by the board. The term of office of each Member shall be three 3 (three) with the term of office of minimum one third, maximum half of the committee Members expiring each year.
- (b) The nominations will be a compulsory committee.
- (c) The committee needs to be appointed 30 (thirty) days prior to each AGM.
- (d) The committee's aim to represent member spread (geographically and professionally).
- (e) To nominate at least 1 (one) individual for each vacancy to be filled & ensure validity of candidates to fulfil applicable vacancies.
- (f) The nominations committee shall meet as often as necessary (at least once a year). The committee shall be convened by the chairperson or at the request of any 2 (two) Members of the committee. A quorum shall consist of a majority of its Members.



29. EQUITY AND RESERVES

- (a) The Co-operative's own capital/equity includes:
 - (i) Share capital, consisting of all issued Mandatory Shares and Voluntary Shares; reserves and retained earnings that may be appropriated to reserves. The objective of increasing equity is to provide for working capital and generally to strengthen the financial position of the co-operative, including the provision for unexpected losses that may be suffered by the Co-operative in its operations;
 - (ii) Other classes of share capital or deemed equity, or as may be further prescribed by the Authority; and
 - (iii) Retained earnings to be transformed into voluntary reserves and/or institutional capital.
- (b) The objective of increasing equity is to provide for working capital and generally to strengthen the financial position of the co-operative, including the compensation for unexpected losses that may be suffered by the Co-operative in its operations;
- (c) The Co-operative shall maintain sufficient non-distributable reserves (retained earnings), and indivisible general reserve in terms of section 3(1)(e) of the Co-operatives Act, to meet the prudential requirements; and
- (d) The Co-operative must report fully on the use of its reserves in its annual financial statements.



30. DISTRIBUTION OF SURPLUS

- (a) Should any of the statutory reserves reach the minimum or maximum regulatory requirement, any excess or shortfall shall be transferred to / from other general reserves, established by the Board for the purpose of strengthening the financial position of the Co-operative, until the required level has been reached.
- (b) The Surplus of the Co-operative shall, by resolution of Members at the AGM, be distributed annually in the following manner, for a specified accounting period and in the following order:
 - (i) Up to a maximum of 20% (twenty percent) of the surplus shall be transferred to the indivisible general reserve, subject to such limitations prescribed in section 46 of the Co-operatives Act.
 - (ii) The appropriation to reserves to meet prudential requirements;
 - (iii) To appropriation to special and contingency reserves, if any;
 - (iv) The Board thereafter may, subject to written approval from the Authority, recommend interest to be paid on Membership Shares and Additional Membership Shares;
 - (v) An amount remaining may be divided among the Members as a Patronage Refund.
 - (vi) The remainder of the Surplus (“surplus remainder”) shall be allocated as follows:
 - 1 A percentage of the surplus remainder shall be paid to members as a Patronage Dividend as determined by the Board based on their Patronage Proportion in terms of the Patronage Policy; and
 - 2 The balance of the surplus remainder shall be paid to members as determined by the Board in pursuance of Section 44 (5) of the Co-operatives Act.
- (c) After allowance for transfers to the indivisible general reserve as provided for herein, the whole or a part of the patronage proportion may, as determined by the Board, be applied to purchase additional membership shares for members on a pro rata basis, as contemplated in Section 44 of the Co-operatives Act.





31. SHARE CAPITAL

(a) Shares

- (i) All Mandatory Shares held by a Member shall carry 1 (one) vote regardless of the number of Shares held by such Member, subject to clauses 7(c), 11(c) and 16(a).
- (ii) Members may not call on the redemption of Shares other than provided for in this Constitution and Shares may not be redeemed for more than their Issue Price.
- (iii) Divisible reserves may be reinvested as share capital by the Co-operative as approved at the annual general meeting of the Members in terms of Clause 29.
- (iv) For a Member to join the Co-operative in addition to a joining and FICA compliance fee of R200 (two hundred rand) a minimum of 1,000 (one thousand) Mandatory Shares at a nominal value of R1,00 (one rand) per share must be purchased by such Member fully paid up on application.
- (v) A Member shall be entitled to acquire any number of Voluntary Shares at an issue price as determined by the board from time to time, in the Co-operative, provided that the Member and Related Parties in aggregate does not hold more than fifteen percent (15%) of the total issued Share Capital held by the membership at any given time, which limitation may be increased to twenty five percent (25%) subject to specific approval of the Authority.
- (vi) The repayment of cancelled Shares, as provided for in Clause 9 and subject to clause 31(a)(ii), may be deferred to a period not exceeding 2 (two) years after the effective date of termination of such Shares in the share register of the Co-operative.

(b) Voluntary Shares special rules:

- (i) Voluntary Shares shall have no voting rights; and
- (ii) Voluntary Shares are of a long term capital nature and shall only be redeemable on cancellation on the same terms as Mandatory Shares, as provided for in clause 9(c) and clause 31(a)(vi); and
- (iii) For each Voluntary share issue to a member an administrative fee of R0,10 (ten cents) per voluntary share up to a maximum of R5,000 (five thousand rand) per issue shall be levied; and
- (iv) Voluntary Shares shall only be redeemable at no more than its Issue Price; and
- (v) Voluntary Shares shall share pari passu with Mandatory Shares in any dividends declared in terms of clause 29; and
- (vi) The Issue Price of Voluntary Shares issued by the Co-operative may appreciate from time to time in value due to a Share Premium as defined being applied to its Nominal Value.

31. SHARE CAPITAL CONTINUED

- (c) Other classes of Shares
 - (i) In the event that other classes of shares in the Co-operative may be allowed as prescribed by the Authority, such additional shares capital may be authorised by special resolution of Members at an AGM.
- (d) The minimum capital adequacy ratio of the Co-operative is determined by the provisions of prevailing financial sector laws.
- (e) Subject to written approval from the Authority, a Member shall be entitled to acquire Investment Shares in the Co-operative.
- (f) The liability of a Member for the debts of the Co-operative shall be limited to the nominal value of his/her Membership Shares, Additional Membership Shares and Investment Shares in the Co-operative.
- (g) The repayment of Membership Shares and Additional Membership Shares may be deferred for a period not exceeding 2 (two) years after the effective date of the notice of voluntary withdrawal or the death of the Member.

32. ASSET AND LIABILITY MANAGEMENT

- (a) The Co-operative shall ensure that the funds of Members are held in safe and secure investments by investing or depositing funds in such instruments as prescribed through Section 14 of the Co-operative Banks Act.
- (b) All monies and valuables kept on the premises of the Co-operative must be kept in a safe.
- (c) All payments and investments must be authorised by the board, unless the board has delegated this authority.
- (d) The cash float of the Co-operative will be determined on a monthly basis, based on the expected cash flows during the month under consideration.
- (e) The co-operative is required, at a minimum, to complete monthly reconciliations on all bank accounts.



33. USE OF FUNDS

- (a) Funds of the Co-operative may be applied to any purpose authorised by Members at an annual general meeting that is consistent with the objectives as defined in this constitution.
- (b) No funds will be committed to investments, projects or any other enterprise outside the usual business of the Co-operative.

34. LIEN (SECURITY/COLLATERAL)

The Co-operative shall have a right of retention over the Shares and deposits in the Co-operative for any sum due to the Co-operative by a Member and for any loan guaranteed by a Member and may apply such funds toward repayment of such debts.

35. FINANCIAL YEAR

The financial year of the Co-operative shall begin on the 1st of March and end on the 28th of February each year.

36. ACCOUNTS AND RECORDS

- (a) The Managing Director appointed by the board will be delegated authority to issue receipts for all monies received and to acquire receipts for all monies paid out.
- (b) Cheques drawn, cash withdrawals or transfers made on behalf of the Co-operative shall require 2 (two) signatures from a panel of signatories as approved by the Board. The panel of signatories shall be made up of no more than 3 (three) Directors, the Managing Director and employees.
- (c) The Co-operative's accounts shall be reconciled monthly to bank records.

37. ACCOUNTS AND AUDITS

- (a) An independent auditor shall be appointed by the Co-operative at each AGM for the next financial year.
- (b) The Co-operative Managing Director shall prepare a monthly statement of the Co-operative accounts, which shall be presented to the Board.
- (c) All books of account and other records of this Co-operative shall at all times be available to the directors and audit and supervisory committee members.

38. LOANS

- (a) Loans granted, including financial products provided, to Members or Associate Members by the Co-operative, shall be made in accordance with the Loan policies and guidelines of the Co-operative as formulated by the Board from time to time.
- (b) The maximum amount, which may be lent to a Member, or Associate Members, or group of Members or Associate Members with joint liability toward a loan to the Co-operative, including loans to any Directors, shall be subject to provisions of the Co-operative Act, Co-operative Bank Act and Standards.
- (c) All applications for loans and reports of the credit committee shall be filed as a permanent record of the Co-operative.
- (d) Members of the board and of any committee member applying for loans shall have their applications approved by either the majority of the other Members at a joint meeting of the board, credit committee, audit and supervisory committee or a special committee set up for this purpose from the board, credit and audit and supervisory committees. The borrowing Member shall not be in attendance at the meeting when his/her loan is being considered.
- (e) All loans granted to Staff or Directors of the Co-operative and the supervisory committee must be specifically mentioned in the prescribed manner in the annual report to the Members.
- (f) The aggregate of all loans extended to staff and Directors of the Co-operative shall not exceed 10% (ten percent) of the aggregate of total loans to Members.



39. AMENDMENT OF CONSTITUTION

- (a) Amendments to this constitution shall be made at the annual or an extraordinary general meeting.
- (b) A special resolution will be required to amend the constitution of the Co-operative.
- (c) Notice of proposed amendments shall be provided in writing with the notice of the meeting concerned.
- (d) At least 10% (ten percent) of members who consider an amendment to the Constitution to be desirable shall submit their proposal to the secretary of the board. The proposals shall be placed on the agenda of the next board meeting and the views of the Board shall be communicated to the Members within 42 (fourty two) days of the proposal being received. If the proposal submitted by the Members is accepted by the board, it shall be placed on the agenda of the next general meeting to be passed by special resolution at such meeting.
- (e) If the board rejects the proposal submitted by the Members described in (d), such Members may request an extraordinary general meeting to be called specifically for the purpose of consideration of such proposal by all Members of the Co-operative.
- (f) Proposed amendments to the Constitution shall be circulated by the Board to Members at least 21 (twenty one) days in advance of the annual or extraordinary general meeting at which they are to be discussed.
- (g) Any amendment to the Constitution shall only come into operation once approved by the Authority and registered by the Registrar.

40. CONFIDENTIALITY

- (a) The officers, directors, Members of the committees and employees of this Co-operative shall hold in strictest confidence all transactions of this Co-operative with its Members, except to the extent deemed necessary by the board in connection with the making of loans and collection thereof.
- (b) Individual Members' accounts shall be accessible only to officers of the Co-operative, the audit and supervisory committee and the Auditors. Members shall be entitled to inspect their own accounts at any time during the business hours of the Co-operative.



41. GENERAL PROVISIONS

- (a) All power, authority and functions of the members of the board, committees and officers of the Co-operative pursuant to the provisions of this constitution shall be exercised in strict conformity with the relevant provisions of this constitution and its adopted policies.
- (b) Notwithstanding any other provisions in this constitution, any director, committee member, officer or employee of the Co-operative may be removed from the office by the affirmative vote of 2/3 (two thirds) of the Members present at a general meeting of which proper notice has been given but only after an opportunity has been given him/her to be heard.
- (c) This constitution sets the standard procedures and structures required for registration.
- (d) The amendment to the Constitution shall only be implemented after it has been approved by the Authority and registered by the Registrar of Co-operatives.

42. DISPUTES

- (a) In the case of a dispute between members of the Co-operative, the Co-operative and any of its Members or any complaints against any Member or officer which is not related to a debt owed by the Member to the Co-operative, an application shall be made to the Board through the secretary for redress, but should the party not be satisfied, an appeal may be made to the audit committee.
- (b) The provisions of the Constitution do not preclude the Members from referring disputes to a resolution mechanism as established for this purpose.





43. DISSOLUTION AND AMALGAMATION

- (a) The Co-operative may be dissolved by special resolution passed by 3/4 (three fourths) of the total number of Members voting at a special meeting called specifically for that purpose.
- (b) At least 21 (twenty one) days written notice of such a meeting shall be given to all Members. Upon dissolution and in terms of the provisions of the Co-operatives Act, the assets of the Co-operative shall be realised, all liabilities shall be paid, all savings shall be refunded to Members and any surplus thereafter be apportioned to Members in proportion to the patronage proportion of each remaining Member determined for a period of 5 (five) years.
- (c) By special resolution passed by 3/4 (three fourths) of the Members present and voting at a special meeting called specifically for that purpose, the Members may resolve that the Co-operative amalgamate with another Co-operative, provided further that all the members of the amalgamated Co-operative meet the same criteria as a Co-operative as specified in this constitution and as in accordance with the provisions of the Co-operatives Act and the Co-operative Banks Act with regard to amalgamations.

44. AMENDMENT

Board of Directors approval is required to amend this policy document.

Document approved on: **25 September 2020**
Document amendments approved on: **Adopted 21 September 2015,**
Amended 24 August 2018, 04 October 2019





+27 (0)87 057 1427



info@medi.coop



www.medi.coop

SA Primary Medical Financial Co-operative Limited Registration No. 2015/014609/24 | Registered Credit Provider NCRCP 8712 | Financial Intelligence Centre ID 38406
© Copyright 2020 MediCoop CFI. All Rights Reserved.

Copyright: The information provided herein is the possession of MediCoop and are protected by copyright and intellectual property laws. The information may not be reproduced or distributed without the explicit consent of MediCoop.

Legal Disclaimer: MediCoop has made every attempt to ensure the accuracy and reliability of the information provided on this discussion document. However, the information is provided “as is” without warranty of any kind. MediCoop, its directors or associates does not accept any responsibility or liability for the accuracy, content, completeness, legality, or reliability of the information contained herein. No warranties, promises and/or representations of any kind, expressed or implied, are given as to the nature, standard, accuracy or otherwise of the information provided in this document nor to the suitability or otherwise of the information to your particular circumstances. Persons acting on any information provided does so at their own risk and are encouraged to perform detailed assessment and due diligence with the help of professional advisors, prior to any decision related hereto.