LAWS OF MALAYSIA

ONLINE VERSION OF UPDATED
TEXT OF REPRINT

Act 502

CO-OPERATIVE SOCIETIES ACT 1993

As at 1 October 2021

(b) any conveyance executed for conveying, assigning, appointing, surrendering, or otherwise transferring or disposing of property whereof the person executing the conveyance is proprietor or possessed or wherein he is entitled to a contingent right, either for the whole interest or for any less interest;

(c) any security, including any stock, share, debenture and fund;

(d) any negotiable instrument, including any bank note, bearer note, treasury bill, dividend warrant, bill of exchange, promissory note, cheque and negotiable certificate of deposit;

(e) any mortgage or charge, whether legal or equitable, guarantee, lien or pledge, whether actual or constructive, letter of hypothecation or trust receipt, indemnity, undertaking or other means of securing payment or discharge of a debt or liability, whether present or future, or whether vested or contingent; and

(f) any other tangible or intangible property;

"registrable offence" means an offence which is registrable under the Registration of Criminals and Undesirable Persons Act 1969 [*Act 7*] as specified in the First and Second Schedules to that Act;

"regulations" means regulations made under this Act;

"related corporation" means a subsidiary or associate corporation of a co-operative society or an associate corporation of a subsidiary or subsidiaries of a co-operative society;

"return" includes any form of rental, profit, dividend or benefit, including any fee or gift, payable or to be given in relation to any dealing, transaction or instrument;

"secondary co-operative society" means a co-operative society as provided for under subsection 4(2);

"securities" has the same meaning as defined in the Securities Commission Act 1993 [*Act 498*];

"share" means a share in the share capital of a co-operative society contributed by a member in respect of his membership in that co-operative society;

"specific savings" means money deposited by a member with a co-operative society with the express intention of utilizing the money deposited for a specified purpose permitted under the regulations;

"specified", where no mode is mentioned, means specified from time to time in writing, and a power to specify includes the power to specify differently for different persons, classes, categories or description of persons;

"Statutory Reserve Fund" means a fund maintained by every co-operative society in pursuant to subsection 57(1) out of the audited net profit of each year;

"subscription" means the sum contributed at regular intervals by a member in respect of his membership in a co-operative society and may not be withdrawn except under such conditions as laid down in the by-laws or on a termination of membership;

"subsidiary" of a co-operative society means a company, as defined in the *Companies Act 2016, in which such co-operative society controls the composition of the Board of Directors or more than half of the voting power, or holds more than half of the issued share capital, and includes a subsidiary, as defined in that Act, of such a company;

"surplus funds" means, subject to regulations, the funds in excess of the amounts required for immediate use by a co-operative society as working capital for its business, which may be deposited or invested

---

**NOTE*—The Companies Act 1965 [*Act 125*] has since been repealed by the Companies Act 2016 [*Act 777*] which come into operation on 31 January 2017—*see* subsection 620(1) of Act 777.

(b) an amendment is necessary or desirable in the interest of the co-operative society; or

(c) upon the notification made by the Board of a co-operative society under subsection 17A(3), that the by-law of a co-operative society is inconsistent with this Act.

(2) If no general meeting is convened within the time specified in subsection (1), the Commission may amend the by-laws of the co-operative society on its own motion and any amendment made shall be deemed to be a registered amendment under section 18.

Formation of subsidiaries

19. (1) No co-operative society shall form, own, acquire or establish a subsidiary except with the prior written approval of the Commission.

(2) No co-operative society shall grant any Islamic financing or credit facility or give any guarantee or undertaking to such financing or facility or transfer of any money or asset in any form to its subsidiaries except with the prior written approval of the Commission.

(3) The Commission may, by a notice in writing, require any subsidiary of a co-operative society to comply with any requirement as imposed by this Act, regulations or orders or directives or guidelines.

(4) Any co-operative society or officer of the co-operative society who fails to comply with subsection (1) or (2) commits an offence and shall, on conviction—

(a) in the case of a co-operative society, be liable to a fine not exceeding five hundred thousand ringgit and shall in addition, be liable to a daily fine of one hundred ringgit for each day during which the offence continues after conviction; or

Power to deal with the property and, return or interest of deceased members

24. (1) On the death of a member, a co-operative society may transfer the share, return or interest of such member—

(a) in the case of a deceased member who was a Muslim, to the *person nominated in accordance with the regulations in his behalf or, if there is no person so nominated, to the legal representative of such member or to such person as may appear to the Board to be a person entitled to such share, return or interest pursuant to any distribution made under any law relating to the distribution of estate; or

(b) in the case of a deceased member who was not a Muslim, to the person nominated in accordance with the regulations in his behalf or, if there is no person so nominated, to such person as may appear to the Board to be the heir or legal representative of such member,

and may pay to such legal representative, nominee, heir or person, as the case may be, a sum representing the value of the deceased member's share, return or interest, as the case may be, as ascertained in accordance with the regulations or its by-laws.

(2) If the deceased member was not a Muslim, and the nominee, heir or legal representative is not qualified for membership in accordance with this Act, the regulations or the by-laws, the co-operative society may, on the application of such nominee, heir or legal representative, as the case may be, within six months of the death of such member, transfer the share, return or interest of such member to any person specified in the application who is so qualified.

(3) Notwithstanding subsection (1), if six months have elapsed since the death of a member who was a Muslim and the co-operative society concerned is unable to ascertain who the legal representative of such member is or no legal representative has been appointed or the

**NOTE*—Any nomination of a nominee by a Muslim member of a co-operative society made before the date of coming into operation of Co-operative Societies (Amendment) Act 2021 [*Act A1634*] shall continue to remain valid -*see* subsection 6(2) of Act A1634.

estate of such member has not been distributed or the estate of such member has been distributed but the co-operative society is unable to ascertain who the person entitled to such share, return or interest pursuant to such distribution is, the co-operative society may pay to the *Official Administrator a sum representing the value of the share, return or interest of such member, as ascertained in accordance with the regulations or its by-laws.

(4) A co-operative society may pay all other moneys due to a deceased member from the co-operative society to the legal representative, *Official Administrator, nominee, heir or person, as the case may be, referred to in subsections (1) and (3).

Deposits by or on behalf of child

25. (1) A co-operative society may receive deposits from or for the benefit of children and the co-operative society may pay a bonus out of its net profit on such deposits.

(2) Any deposit made by or for the benefit of the child may, together with the bonus, be paid to the child or to the guardian of that child for the use of that child.

(3) The receipt of any child or guardian for money paid to him by a co-operative society under this section shall be a sufficient discharge of the liability of the co-operative society in respect of that money.

PART IV

RIGHTS AND LIABILITIES OF MEMBERS

**NOTE*—All references to "Official Administrator" shall be construed as "Corporation"–*see* section 2 and subsection 43(3) of Public Trust Corporation Act 1995 [*Act 532*]

Consequences of conviction

48. If an officer of a co-operative society is convicted of a registrable offence or an offence under this Act and the conviction is not set aside at the conclusion of all proceedings, including any appeal, such officer shall be deemed to have vacated his office from the date he is first charged for the offence and he shall be debarred from being appointed as an officer of any co-operative society.

49. (*Deleted by Act A1297*).

PART VI

PROPERTY AND FUNDS OF CO-OPERATIVE SOCIETIES

Funds of a co-operative society

50. (1) The funds of a co-operative society may be raised by any or all of the following:

(a) entrance fees, which shall not be refundable except in cases where an application for membership has been rejected;

(b) shares subscribed and paid by members, of which a minimum number prescribed in the by-laws of such co-operative society shall not be withdrawable except after termination of membership, while shares subscribed in excess of this minimum contribution may be withdrawable or transferable or both, subject to the provisions of this Act and the regulations and to any limitations laid down in the by-laws of such co-operative society;

(c) in the case of co-operative societies which have as their object the promoting of thrift among their members and the

creating of a source of credit for their members, subscription;

(d) specific savings of members, which shall be withdrawable subject to conditions laid down in the by-laws;

(e) subject to subsection 52(1) or regulations, deposits or loans from members and with the approval from the Commission, from persons who are not members of the co-operative society;

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

(f) surplus carried to the Reserve Account;

(g) donations and grants made by third persons, except that no donations from any foreign source, whether offered directly or otherwise, shall be received by a co-operative society without the prior written approval of the Commission.

(2) For the purposes of paragraph (1)*(ea)* "licensed financial institution" means—

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

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

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

Islamic financing or credit facility by co-operative society

51. (1) No co-operative society shall grant any Islamic financing or credit facility except to its members, its employees including the chief executive officer as provided in their schemes of service, its subsidiary

(2) The Minister may extend the period under subsection (1) for three further consecutive periods not exceeding one year each.

(3) Upon the expiry of such period referred to in subsection (1) or (2), and if in the opinion of the Commission, the Commission has not completed the exercise of its powers under subsection 69(1) or (2), the Commission may dissolve the co-operative society.

(4) Where the Commission considers that any exercise of the powers referred to in subsection 69(1) or (2) has been completed, the Commission shall submit any property, business, activities and affairs of the co-operative society to the newly elected Board and cause a notice to that effect specifying the date on which the exercise of such powers was completed to be published in the *Gazette*.

Officer removed by the order of the Commission shall not be reappointed

70. If an officer of a co-operative society has been removed by an order of the Commission under the subparagraph 69(1)*(c)*(iii) or subsubparagraph 69(1)*(c)*(iv)(A), such officer shall thereafter not be eligible to be appointed as a member of the Board or any committee of the co-operative society or be re-employed by that or any other co-operative society, as the case may be, for a period of five years from the date of such removal.

Dissolution

71. (1) The Commission may, if the Commission is of the opinion that a co-operative society ought to be dissolved, dissolve the co-operative society by making an order for the revocation of the registration of the co-operative society—

(a) when the Commission exercises its powers under subsection 69D(3);

(b) upon receipt of an application made by three-fourths of the members of a co-operative society; or

(c) after an inspection has been made under section 64 or 68 or after an inquiry has been held under section 66.

(2) Any member of a co-operative society may, within a period of two months from the date of an order under subsection (1), appeal from such order to the Minister.

(3) If no appeal is presented to the Minister from an order under subsection (1) within a period of two months from the date of such order, the order shall take effect on the expiry of that period.

(4) If an appeal is presented to the Minister from an order under subsection (1) within a period of two months from the date of such order, the order shall not take effect unless and until it is confirmed by the Minister.

(5) If the Commission makes an order under subsection (1) for the revocation of the registration of a co-operative society, the Commission may make such further order as the Commission may think fit for the custody of the books and documents and for the protection or disposal of the property of the co-operative society until the order revoking the registration of the co-operative society takes effect under subsection (3) or, if an appeal is presented under subsection (4), until the order is confirmed or otherwise.

(6) No co-operative society shall be dissolved except by an order of the Commission.

71A. *(Deleted by Act A1297).*

71B. *(Deleted by Act A1297).*

71C. *(Deleted by Act A1297).*