



REPUBLIC OF SINGAPORE

GOVERNMENT GAZETTE

ACTS SUPPLEMENT

Published by Authority

NO. 22]

FRIDAY, OCTOBER 17

[2008

First published in the *Government Gazette*, Electronic Edition, on 16th October 2008 at 5:00 pm.

The following Act was passed by Parliament on 16th September 2008 and assented to by the President on 2nd October 2008:—

REPUBLIC OF SINGAPORE

No. 23 of 2008.

I assent.

(LS)

S R NATHAN,
President.
2nd October 2008.

An Act to amend the Co-operative Societies Act (Chapter 62 of the 1985 Revised Edition), and to make consequential amendments to the Banking Act (Chapter 19 of the 2008 Revised Edition) and the Finance Companies Act (Chapter 108 of the 2000 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act may be cited as the Co-operative Societies (Amendment) Act 2008 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

Amendment of long title

2. The long title to the Co-operative Societies Act (referred to in this Act as the principal Act) is amended by deleting the words “control of co-operative societies; to encourage co-operative development by the provision of services to co-operative societies” and substituting the words “regulation of co-operative societies,”.

Amendment of section 2

3. Section 2 of the principal Act is amended —

(a) by deleting the definition of “allowance” and substituting the following definition:

“ “allowance” means the remuneration paid to a member of the committee of management of a society in consideration of his voluntary services rendered to the society on a regular basis;”;

(b) by inserting, immediately after the definition of “apex organisation”, the following definitions:

“ “audit committee”, in relation to a credit society, means the audit committee of the credit society referred to in section 36;

“auditor”, in relation to a society, means any person referred to in section 33(1) or 36(4)(b);

“body corporate” includes a limited liability partnership;”;

(c) by inserting, immediately after the definition of “committee of management”, the following definition:

“ “credit society” means a society which is registered as a credit society;”;

(d) by inserting, immediately after the definition of “delegate”, the following definition:

““deposit” means money received on current or deposit account and includes subscription capital, but does not include —

(a) a deposit that is paid pursuant to a hire-purchase agreement, or that is referable to the provision of services or to the giving of security; and

(b) such other deposit as may be prescribed;”;

(e) by inserting, immediately after the definition of “dividend”, the following definition:

““financial service” means receiving deposits, granting loans, or such other service of a financial nature as may be prescribed, other than in relation to the carrying on of insurance business within the meaning of the Insurance Act (Cap. 142);”;

(f) by inserting, immediately after the definition of “institutional member”, the following definitions:

““key employee” means a chief executive officer, chief operating officer or chief financial officer, or a person holding a position analogous to that of chief executive officer, chief operating officer or chief financial officer, and includes a person purporting to act in any such capacity;

“limited liability partnership” has the same meaning as in section 2(1) of the Limited Liability Partnerships Act (Cap. 163A);”;

(g) by deleting the definition of “net surplus” and substituting the following definitions:

““net surplus” means the remaining portion of the surplus after provisions have been made for the Central Co-operative Fund and the Singapore Labour Foundation in accordance with section 71;

“non-credit society” means a society that is not a credit society;”;

(h) by inserting, immediately after the words “internal auditor” in the definition of “officer”, the word “, liquidator”;

- (i) by inserting, immediately after the definition of “officer”, the following definition:

““parent society” means a society with one or more subsidiaries;”;

- (j) by inserting, immediately after the definition of “primary society”, the following definition:

““public accountant” means a person who is registered or deemed to be registered under the Accountants Act (Cap. 2) as a public accountant;”;

- (k) by deleting the words “this Act” in the definition of “Rules” and substituting the words “section 95”;

- (l) by deleting the words “and trade unions and which has as its object the facilitation of the operations of primary societies” in the definition of “secondary society” and substituting the words “, trade unions, or co-operative societies and trade unions”;

- (m) by inserting, immediately after the definition of “subscription capital”, the following definition:

““subsidiary”, in relation to a society, means any body corporate (including another society) or body unincorporate which is controlled by the society;”;

- (n) by deleting the full-stop at the end of the definition of “trade union” and substituting a semi-colon, and by inserting immediately thereafter the following definition:

““written direction” means a written direction issued under section 93(2).”; and

- (o) by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

“(2) For the purposes of this Act, a society shall be deemed to control a body corporate or body unincorporate if, and only if, the society is in a position to determine or govern the financial and operating policies of the body corporate or body unincorporate.”.

Amendment of section 4

- 4.** Section 4 of the principal Act is amended —

(a) by deleting the words “Subject to section 102(4), every” in subsection (2) and substituting the word “Every”; and

(b) by deleting subsection (3) and substituting the following subsection:

“(3) The by-laws of a society referred to in subsection (2) may provide for —

(a) a governing body to be a board of trustees; and

(b) a committee of management to be a board of directors,

but the provisions of Part V shall apply to a board of directors of such a society as they apply to a committee of management of any other society registered under this Act.”.

Amendment of section 6

5. Section 6 of the principal Act is amended by deleting subsection (1) and substituting the following subsection:

“(1) No society shall be registered by a name which, in the opinion of the Registrar —

(a) is likely to mislead members of the public as to the true character or purpose of the society;

(b) is identical to or so nearly resembles the name of some other society as is likely to deceive or confuse members of the public or members of either society;

(c) so nearly resembles the name of any body corporate as is likely to be mistaken for it or for being related to it; or

(d) is undesirable or offensive.”.

Amendment of section 7

6. Section 7 of the principal Act is amended —

(a) by deleting the words “prescribed in the First Schedule together with the information prescribed in the Second Schedule” in subsection (1) and substituting the words “and manner prescribed together with the prescribed information,”;

(b) by deleting paragraph (a) of subsection (2) and substituting the following paragraph:

“(a) a copy of the proposed by-laws;”; and

(c) by deleting the full-stop at the end of paragraph (b) of subsection (2) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:

“(c) such fee as may be prescribed.”.

Amendment of section 8

7. Section 8 of the principal Act is amended —

(a) by deleting the word “and” at the end of paragraph (c); and

(b) by deleting the full-stop at the end of paragraph (d) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:

“(e) such other information as may be prescribed.”.

Amendment of section 9

8. Section 9 of the principal Act is amended by deleting subsection (1) and substituting the following subsections:

“(1) The Registrar may register a society and its by-laws if he is satisfied that —

(a) the society has complied with the provisions of this Act and the Rules;

(b) the proposed by-laws of the society are not contrary to this Act and the Rules; and

(c) the proposed by-laws of the society are sufficient to provide for its proper administration and management.

(1A) For the purposes of subsection (1), the Registrar may accept a declaration made by the applicants for registration of the society as to the matters specified in subsection (1)(a), (b) and (c) as sufficient evidence of those matters.

(1B) Notwithstanding subsection (1), the Registrar may refuse to register a society which proposes to provide any financial service, and its by-laws, if he is not satisfied that —

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- (a) the society is to be established in the interests of its members;
 - (b) the primary object of the society is to provide the financial service;
 - (c) the proposed by-laws of the society are consistent with the criterion for membership in the society prescribed in section 39(3A);
 - (d) there is available sufficient capital for the commencement and maintenance of the operations of the society;
 - (e) the society is able to meet such minimum financial or prudential requirements or such other requirements as may be prescribed, either generally or specifically; or
 - (f) there are available officers capable of directing and managing the affairs of the society and keeping the records and accounts of the society, having regard to the reputation, character, financial integrity and reliability of the proposed officers.

(1C) The Registrar may —

- (a) register any society and its by-laws subject to such terms and conditions of registration as he thinks fit to impose; and
- (b) where the society is to provide any financial service, register the society as a credit society to provide the financial service.”.

Repeal and re-enactment of section 10 and new section 10A

9. Section 10 of the principal Act is repealed and the following sections substituted therefor:

“Evidence of registration

10.—(1) On the registration of a society, the Registrar shall issue to the society a notice of registration in such form as he thinks fit stating —

- (a) that the society is registered on and from the date specified in the notice; and

- (b) where the society is a credit society, that the society is registered as a credit society to provide such financial service as may be specified in the notice.

(2) Upon the application of a society and payment of such fee as may be prescribed, the Registrar shall issue to the society a certificate of registration.

(3) A certificate of registration, or a copy thereof, signed and sealed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been cancelled.

Registers

10A.—(1) The Registrar shall keep and maintain, in such form and manner as he thinks fit —

- (a) a register of societies;
- (b) a register of officers of societies; and
- (c) such other registers as may be prescribed.

(2) Any person may, on payment of such fee as may be prescribed —

- (a) inspect such parts of any register as the Registrar may determine and obtain extracts therefrom;
- (b) inspect such documents submitted to or lodged with the Registrar as the Registrar may determine and obtain copies thereof; or
- (c) obtain a copy of the certificate of registration of any society from the Registrar.

(3) An extract from or a copy of an entry in a register shall be prima facie evidence of the information stated therein if the extract or copy is certified by the Registrar to be a true extract or copy.

(4) An extract from or a copy of any document submitted to or lodged with the Registrar shall be admissible in evidence in any proceedings as of equal validity with the original document if the extract or copy is certified by the Registrar to be a true extract or copy.”.

Amendment of section 13

10. Section 13 of the principal Act is amended by deleting subsection (2) and substituting the following subsection:

- “(2) The apex organisation, when formed and registered, may —
- (a) give such assistance and advice in the formation, organisation and operation of societies as will enable the societies to comply with the provisions of this Act and the Rules;
 - (b) provide, organise and supervise effective centralised services for co-operative education and training, supplies, marketing, banking, transport, accounting, audit and such other services as may be necessary for its members; and
 - (c) carry out such other functions or duties as may be conferred on the apex organisation by this Act or the rules made thereunder.”.

Amendment of section 14

11. Section 14(2) of the principal Act is amended by deleting the word “Third”.

Amendment of section 15

12. Section 15 of the principal Act is amended —

- (a) by deleting subsection (2);
- (b) by deleting paragraph (a) of subsection (4);
- (c) by deleting subsections (5) and (6) and substituting the following subsections:

“(5) Every application for the registration of the amended by-laws shall —

- (a) be signed by the chairman and 2 members of the committee of management of the society;
- (b) contain such information as the Registrar may require;

(c) be accompanied by a copy of the amendment and the relevant resolution, and such other documents as the Registrar may require; and

(d) be accompanied by such fee as may be prescribed.

(6) The Registrar may register a by-law or an amendment to a by-law if he is satisfied that it is not inconsistent with the provisions of this Act and the Rules.”; and

(d) by deleting the word “certificate” in subsection (9) and substituting the word “notice”.

Amendment of section 16

13. Section 16 of the principal Act is amended by deleting subsection (3).

New sections 16A, 16B and 16C

14. The principal Act is amended by inserting, immediately after section 16, the following sections:

“Conversion from non-credit society to credit society

16A.—(1) A non-credit society shall not provide any financial service without the written approval of the Registrar.

(2) A non-credit society shall apply to the Registrar for his written approval under subsection (1) in such form and manner as may be prescribed.

(3) Every application made by a non-credit society under subsection (2) shall be accompanied by such fee as may be prescribed.

(4) The Registrar may require a non-credit society to furnish him with such information or documents as he considers necessary in relation to the application.

(5) The Registrar may refuse to grant his written approval under subsection (1) to a non-credit society to provide any financial service if he is not satisfied that —

(a) the provision of the financial service is in the interests of its members;

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- (b) the primary object of the society is to provide the financial service;
 - (c) the by-laws of the society are, or are amended under section 15 to be, consistent with the criterion for membership in the society prescribed in section 39(3A);
 - (d) there is available sufficient capital for the provision of the financial service by the society;
 - (e) the society is able to meet such minimum financial or prudential requirements or such other requirements as may be prescribed, either generally or specifically; or
 - (f) there are available officers capable of directing and managing the provision of the financial service by the society and keeping the records and accounts of the society, having regard to the reputation, character, financial integrity and reliability of the officers or proposed officers.

(6) The Registrar may grant his written approval under subsection (1) subject to such terms and conditions as he thinks fit.

(7) Where the Registrar has granted his written approval to a non-credit society to provide any financial service, he shall amend the register of societies to show that, and issue to the society a notice of registration stating that, the society is registered as a credit society to provide the financial service on and from a date specified in the notice.

(8) A non-credit society that is aggrieved by the refusal of the Registrar to grant his written approval for the non-credit society to provide any financial service may, within 2 months from the date of the refusal, appeal to the Minister whose decision shall be final.

(9) Any non-credit society which provides any financial service in contravention of subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction.

Control of credit societies

16B.—(1) No credit society shall, without the written approval of the Registrar, provide, or enter into any partnership, joint venture or other arrangement with any person to provide, any financial service other than the financial service or services which it is registered to provide.

(2) Any credit society which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction.

Change of name of society

16C.—(1) Notwithstanding anything in sections 6 and 15, where the Registrar is satisfied that a society has been registered (whether through inadvertence or otherwise and whether before, on or after the date of commencement of the Co-operative Societies (Amendment) Act 2008) by a name —

- (a) which is referred to in section 6(1); or
- (b) the use of which has been restrained by an injunction granted under the Trade Marks Act (Cap. 332),

the Registrar may, by a written direction, direct the society to change its name to such other name as he may approve in accordance with such terms and conditions as may be specified in the written direction.

(2) Every society which has been directed to change its name under subsection (1) shall comply with the written direction within such time as may be specified in the written direction, unless the written direction is annulled by the Minister.

(3) Any society that is aggrieved by the written direction of the Registrar to change its name under subsection (1) may, within 2 months of the issue of the written direction, appeal to the Minister whose decision shall be final.

(4) A change of name of a society pursuant to this Act shall not affect the identity of the society or any right or obligation of the society or any of its members or past members, and any legal

proceedings that might have been continued or commenced by or against it by its former name may be continued or commenced by or against it by its new name.”.

Amendment of section 19

15. Section 19(1) of the principal Act is amended by deleting the words “who shall keep and maintain a register of officers of co-operative societies”.

Amendment of section 22

16. Section 22(2) of the principal Act is amended by deleting “\$50” and substituting “\$500”.

Amendment of section 27

17. Section 27 of the principal Act is amended by deleting the word “society” wherever it appears in subsections (1) and (2) and substituting in each case the words “credit society”.

Repeal of section 30

18. Section 30 of the principal Act is repealed.

Amendment of section 32

19. Section 32 of the principal Act is amended by deleting the words “may be called for under section 93(*b*) and (*c*)” and substituting the words “the Registrar may, by written directions, require”.

Repeal and re-enactment of section 33

20. Section 33 of the principal Act is repealed and the following section substituted therefor:

“Audit of societies

33.—(1) Every society shall once at least in every year have its books and accounts audited by a public accountant or a person authorised by the Registrar in writing.

(2) No person shall be eligible to be or remain an auditor of a society if —

- (a) he has outstanding liabilities with the society or any of its related entities;
 - (b) he is an officer of the society;
 - (c) he is a partner, an employer or an employee of an officer of the society; or
 - (d) he is a partner or an employee of an employee of an officer of the society.
- (3) An auditor of a society shall have power —
 - (a) to have at all reasonable times free access to all accounting and other records relating directly or indirectly to the financial transactions of the society;
 - (b) to require the production of any book or document relating to the affairs of, or any property belonging to, the society by its officer, agent, employee or member in possession of the book, document or property;
 - (c) to require any officer, agent, employee or member of the society to furnish any information in regard to any transaction of the society or the management of its affairs; and
 - (d) to make copies of or extracts from accounting and other records, or retain possession of such records for such period as may be necessary to enable them to be inspected.
- (4) In this section, “related entity”, in relation to a society, means —
 - (a) the parent society of the society, or a subsidiary of such a parent society; or
 - (b) a subsidiary of the society.”.

Amendment of section 34

21. Section 34 of the principal Act is amended —

- (a) by deleting the words “two certified true copies” in subsection (1) and substituting the words “a copy”; and
- (b) by inserting, immediately after subsection (4), the following subsections:

“(5) Subject to subsections (7) and (8), the financial statements of a society shall be in compliance with —

- (a) such accounting standards as may be made or formulated by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B) and applicable to the society; or
- (b) other requirements substituted by the Minister in lieu of compliance with one or more requirements of the accounting standards referred to in paragraph (a).

(6) The committee of management of a society shall cause to be attached to the audited financial statements of the society a report, which shall be prepared in such form and manner, and contain such information, as may be prescribed in the Rules.

(7) Where the financial statements prepared in accordance with any accounting standard or requirement referred to in subsection (5) would not give a true and fair view of the financial transactions and the state of affairs of the society as at the end of the period to which they relate, the financial statements need not be in compliance with that accounting standard or requirement to the extent that this is necessary for them to give a true and fair view of the financial transactions and the state of affairs of the society.

(8) In the event of any non-compliance with any accounting standard or requirement referred to in subsection (5), there shall be included in the financial statements —

- (a) a statement by the auditor of the society that he agrees that such non-compliance is necessary for the financial statements to give a true and fair view of the financial transactions and the state of affairs of the society;
- (b) particulars of the departure, the reason therefor and its effect, if any; and
- (c) such further information and explanation as will give a true and fair view of the financial transactions and the state of affairs of the society.

(9) Any society which fails to comply with subsection (5) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000.”.

Amendment of section 35

22. Section 35 of the principal Act is amended —

- (a) by deleting the words “show fairly” in subsection (2)(a) and substituting the words “give a true and fair view of”; and
- (b) by inserting, immediately after subsection (5), the following subsections:

“(6) The Registrar may impose additional duties on an auditor, including but not limited to the following:

- (a) a duty to submit to the Registrar such additional information in relation to his audit as the Registrar considers necessary;
- (b) a duty to enlarge or extend the scope of his audit of the transactions and affairs of the society;
- (c) a duty to carry out any other examination or establish any procedure in any particular case;
- (d) a duty to submit a report to the Registrar on any of the matters referred to in paragraphs (b) and (c),

and the auditor shall carry out such duty or duties.

(7) The society shall remunerate the auditor in respect of the discharge of such duty or duties as the Registrar may impose on the auditor under subsection (6), subject to the written directions of the Registrar.

(8) If an auditor of a society, in the course of the performance of his duties as auditor, has reason to believe that an offence involving fraud or dishonesty is being or has been committed against the society by any officer or employee of the society and —

- (a) the offence is punishable by imprisonment for a term that is not less than 2 years; and

- (b) the value of the property obtained or likely to be obtained from the commission of such an offence is not less than \$20,000,

the auditor shall immediately report the matter to the Registrar.

(9) An officer of a society who refuses or fails, without lawful excuse, to allow an auditor of the society access, in accordance with this section, to any accounting and other records, including registers, of the society in his custody or control, or to give any information or explanation as and when required under this section, or otherwise hinders, obstructs or delays an auditor in the performance of his duties or the exercise of his powers, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$4,000.”.

Repeal of sections 36 and 37 and re-enactment of section 36

23. Sections 36 and 37 of the principal Act are repealed and the following section substituted therefor:

“Audit committees

36.—(1) Every credit society shall have an audit committee.

(2) An audit committee shall be appointed by the committee of management of the credit society from among their number and shall be composed of at least 3 members who shall be independent of the credit society in the manner prescribed.

(3) If a member of an audit committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the committee of management of the credit society shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

(4) The functions of an audit committee shall be —

(a) to review —

(i) with the auditor, the audit plan;

(ii) with the auditor, his audit report;

(iii) the assistance given by the officers of the credit society to the auditor;

(iv) the scope and results of the audit procedures; and

(v) the balance-sheet and income and expenditure statement of the credit society and, if it is a parent society, the consolidated balance-sheet and income and expenditure statement, submitted to it by the credit society or the parent society, and thereafter to submit them to the members of the committee of management of the credit society or the parent society; and

(b) to nominate a person or persons as auditor, notwithstanding anything contained in the by-laws or section 33(1),

together with such other functions as may be agreed to by the audit committee and the committee of management of the credit society.

(5) The auditor has the right to appear and be heard at any meeting of the audit committee and shall appear before the audit committee when required to do so by the audit committee.

(6) Upon the request of the auditor, the chairman of the audit committee shall convene a meeting of the audit committee to consider any matter the auditor believes should be brought to the attention of the members of the committee of management, or the members, of the credit society.

(7) Each audit committee may regulate its own procedure and, in particular, the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.”.

Amendment of section 39

24. Section 39 of the principal Act is amended —

(a) by deleting the words “18 years” in subsection (1)(a)(i) and substituting the words “16 years”; and

(b) by inserting, immediately after subsection (3), the following subsections:

“(3A) Notwithstanding subsections (1), (2) and (3), membership of individuals in a credit society shall be restricted to individuals who belong to a field of membership consisting of a pre-existing common bond of association or community of interest among the members thereof.

(3B) In determining whether the criterion for membership in a credit society prescribed in subsection (3A) is met, regard shall be had to —

- (a) whether the members have the same or a similar occupation or profession, are employed by a common employer, or are employed within the same business district or commercial area;
- (b) whether the members have common membership in a religious, social, co-operative, labour, educational or other association or organisation;
- (c) whether the members reside, work or worship within the same defined community, district or electoral division; and
- (d) such other considerations as the Registrar may determine to be relevant.

(3C) Subsection (3A) shall not apply to any person who, immediately before the date of commencement of the Co-operative Societies (Amendment) Act 2008, is a member of any society which provides any financial service and which continues to provide such financial service from that date as a credit society, whether by virtue of paragraph 1 of the Schedule to the Co-operative Societies (Amendment) Act 2008 or otherwise.”.

Repeal of section 41

25. Section 41 of the principal Act is repealed.

Amendment of section 52

26. Section 52(1) of the principal Act is amended by deleting the word “certificate” and substituting the word “notice”.

Amendment of section 54

27. Section 54 of the principal Act is amended by inserting, immediately after the word “elect” in paragraph (f), the words “or remove”.

Amendment of section 55

28. Section 55(2) of the principal Act is amended by deleting “100” and substituting “60”.

Amendment of section 56

29. Section 56 of the principal Act is amended —

- (a) by deleting “50” in subsection (1) and substituting “30”; and
- (b) by deleting subsection (2) and substituting the following subsection:

“(2) If a quorum is not present within 30 minutes after the time fixed for a general meeting, the members or delegates present shall form a quorum, except that —

- (a) a general meeting with such reduced quorum shall not have the power to amend the by-laws; and
- (b) any resolution passed at the meeting shall not be valid unless it is passed with a majority of two-thirds of the members or delegates present.”.

Amendment of section 57

30. Section 57(3) of the principal Act is amended by inserting, immediately after the word “election”, the words “or removal”.

Repeal and re-enactment of section 59

31. Section 59 of the principal Act is repealed and the following section substituted therefor:

“Constitution of committee of management of society

59.—(1) Every society shall have a committee of management consisting of not less than 5 and not more than 30 members, which number shall —

- (a) include the chairman, secretary and treasurer, who shall be elected by the members of the committee of management from among themselves or by the members of the society at a general meeting; and

-
- (b) where the society is a credit society, be composed of at least a majority of members who shall be independent of the credit society in the manner prescribed.

(2) A motion for the election of 2 or more persons as members of the committee of management by a single resolution at a general meeting shall not be made unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.

(3) A resolution passed in pursuance of a motion made in contravention of subsection (2) shall be void, whether or not its being so moved was objected to at the time.

(4) Where a resolution pursuant to a motion made in contravention of subsection (2) is passed, no provision for the automatic re-election of retiring members of the committee of management of the society in default of another election shall apply.

(5) For the purposes of this section, a motion for approving a person's election or for nominating a person for election shall be treated as a motion for his election.

(6) Where the committee of management of a society appoints a person as a full-time manager —

- (a) all or any of the duties of the secretary or treasurer, or both, may be delegated to the manager; and
- (b) where all duties of the secretary or treasurer, or both, are so delegated, then notwithstanding subsection (1)(a), the society may operate without electing a secretary or a treasurer, or both.

(7) The offices of secretary and treasurer may be held by one and the same person but not the other offices.

(8) The duties of the chairman, secretary, treasurer and manager shall be as provided in this Act, the Rules and the by-laws.

(9) Subject to this Act and the Rules —

- (a) the nomination of candidates for election to be members of the committee of management of a society; and

- (b) the election, appointment, term of office, suspension or removal of the members of the committee of management of the society,

shall be as provided in the by-laws of the society.

(10) If, during the term of office of the committee of management of a society, a vacancy occurs in the committee of management, the committee of management may, and if the number of members falls below 5, shall, co-opt a member of the society to serve on the committee of management until the next general meeting of the society.”.

Amendment of section 60

32. Section 60 of the principal Act is amended —

- (a) by deleting the words “or remain a member of the committee” and substituting the words “, to be a key employee of a credit society, or to remain a member of the committee of management of a society or a key employee of a credit society,”;
- (b) by deleting paragraph (b) and substituting the following paragraph:
- “(b) he is not —
- (i) a citizen of Singapore; or
- (ii) subject to subsection (2), resident in Singapore, except with the approval of the Registrar;”;
- (c) by deleting paragraph (d);
- (d) by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsections:

“(2) For the purposes of subsection (1)(b)(ii), the Registrar may, by written directions, stipulate the number or proportion of persons resident in Singapore who shall be eligible for membership of the committee of management of any society or class of societies, as the case may be.

(3) Where a person has been convicted, whether in Singapore or elsewhere, of any offence (not being an offence under this Act) involving fraud or dishonesty, he shall not be eligible to be, or remain, a member of the committee of management of a

non-credit society for the following periods except with the written approval of the Registrar:

- (a) where he has been sentenced to imprisonment in respect of the offence, for a period commencing from the date of his conviction until 5 years after his release from prison; or
- (b) where he has not been sentenced to imprisonment in respect of the offence, for a period of 5 years commencing from the date of his conviction or such shorter period with the leave of the High Court.

(4) No person shall be eligible to be, or remain, a key employee of a credit society or a member of the committee of management of a credit society, except with the written approval of the Registrar, where he has been convicted, whether in Singapore or elsewhere, of any offence (not being an offence under this Act) involving fraud or dishonesty.”; and

- (e) by deleting the marginal note and inserting the following section heading:

“Eligibility for membership of committee of management, or to be key employee of credit society”.

Amendment of section 61

33. Section 61(2) of the principal Act is amended —

- (a) by inserting, immediately after paragraph (d), the following paragraph:

“(da) to present to the annual general meeting of the society an annual report on the activities of the society during the preceding financial year, together with the audited financial statements of the society and the auditor’s report for that year;”;

- (b) by inserting, immediately after the word “Registrar” in paragraph (g), the words “, the audit committee”.

Repeal and re-enactment of sections 63, 64 and 65 and new section 65A

34. Sections 63, 64 and 65 of the principal Act are repealed and the following sections substituted therefor:

“Liability of members of committee of management of society

63.—(1) A member of the committee of management of a society shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office.

(2) Subject to subsection (3), a member of the committee of management of a society may, when exercising powers or performing duties as such a member, rely on reports, statements, financial data and other information prepared or supplied, and on professional or expert advice given, by any of the following persons:

- (a) an employee of the society whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or an expert in relation to matters which the member believes on reasonable grounds to be within the person’s professional or expert competence; or
- (c) any other member, or any committee of such members on which the member concerned did not serve, in relation to matters within that other member’s or committee’s designated authority.

(3) Subsection (2) shall apply to a member of the committee of management of a society if, and only if, the member —

- (a) acts in good faith;
- (b) makes proper inquiry where the need for inquiry is indicated by the circumstances; and
- (c) has no knowledge that such reliance is unwarranted.

(4) An officer or agent of a society shall not make improper use of any information acquired by virtue of his position as an officer or agent of the society to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the society.

(5) Any member of the committee of management of a society who contravenes subsection (1), or any officer or agent of a society who contravenes subsection (4), shall be —

- (a) liable to the society for any profit made by him or for any damage suffered by the society as a result of such contravention; and
- (b) guilty of an offence and liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 12 months or to both.

(6) Where the committee of management of a society has appointed a person as a manager to administer and manage the affairs of the society, the appointment shall not absolve the committee of management from its responsibility for the proper direction of the affairs of the society.

(7) In this section, unless the context otherwise requires —

“agent”, in relation to a society, includes a banker, a solicitor or an auditor of the society and any person who at any time has been a banker, a solicitor or an auditor of the society;

“officer”, in relation to a society, includes a person who at any time has been an officer of the society.

(8) This section shall be in addition to and not in derogation of any other written law or rule of law relating to the duty or liability of officers of a society.

Disclosure of interests in transactions, property, offices, etc.

64.—(1) Subject to this section, every member of the committee of management of a society who is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with the society shall as soon as practicable after the relevant facts have come to his knowledge declare the nature of his interest at a meeting of the committee of management of the society.

(2) The requirements of subsection (1) shall not apply —

- (a) in any case where the interest of the member of the committee of management of the society consists only of being a member or creditor of a corporation which is interested in a transaction or proposed transaction with the

society if the interest of the member of the committee of management may properly be regarded as not being a material interest; or

(b) in such other cases as the Minister may prescribe.

(3) For the purposes of subsection (1), a general notice given to the members of the committee of management of a society by a member of the committee of management to the effect that he is an officer of a specified corporation or a member of a specified firm or a partner or an officer of a specified limited liability partnership and is to be regarded as interested in any transaction which may, after the date of the notice, be made with that corporation, firm or limited liability partnership shall be deemed to be a sufficient declaration of interest in relation to any transaction so made if —

- (a) it specifies the nature and extent of his interest in the specified corporation, firm or limited liability partnership;
- (b) his interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any transaction is so made; and
- (c) it is given at a meeting of the committee of management or the member of the committee of management takes reasonable steps to ensure that it is brought up and read at the next meeting of the committee of management after it is given.

(4) Every member of the committee of management of a society who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as member of the committee of management shall declare at a meeting of the committee of management of the society the fact and the nature, character and extent of the conflict.

(5) The declaration referred to in subsection (4) shall be made at the first meeting of the committee of management held —

- (a) after he becomes a member of the committee of management; or

- (b) if he is already a member of the committee of management, then after he commenced to hold the office or to possess the property referred to in that subsection,

as the case requires.

(6) The secretary of the society shall record every declaration under this section in the minutes of the meeting at which it was made.

(7) For the purposes of this section, an interest of a member of the family of a member of the committee of management of a society shall be treated as an interest of the member of the committee of management and the words “member of the family of a member of the committee of management of a society” shall include his spouse, son, adopted son, step-son, daughter, adopted daughter and step-daughter.

(8) This section shall be in addition to and not in derogation of the operation of any rule of law or any provision in the by-laws restricting a member of the committee of management of a society from having any interest in transactions with the society or from holding offices or possessing properties involving duties or interests in conflict with his duties or interests as a member of the committee of management of the society.

(9) In this section, unless the context otherwise requires —

“corporation” means any body corporate incorporated, formed or existing in Singapore or outside Singapore and includes any foreign company within the meaning of section 4(1) of the Companies Act (Cap. 50);

“officer” —

- (a) in relation to a corporation, has the same meaning as in section 4(1) of the Companies Act; and
- (b) in relation to a limited liability partnership, has the same meaning as in section 2(1) of the Limited Liability Partnerships Act (Cap. 163A).

(10) Any member of the committee of management of a society who contravenes any provision of this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 12 months or to both.

Restrictions relating to honoraria, etc., of members of committee of management and employees

65.—(1) Subject to subsection (2), a member of the committee of management of a society, not being an employee of the society, may receive an honorarium or allowance (but not both) and other benefits from the society if, and only if, the payment of such honorarium or allowance and the provision of any such benefits have been authorised by a resolution to that effect passed by a general meeting of the society.

(2) An employee of a society shall not decide his own remuneration.

Suspension of officers

65A.—(1) Notwithstanding any other written law, if any proceedings are instituted against a member of the committee of management, or a key employee, of a credit society in respect of any offence involving fraud or dishonesty, the committee of management shall suspend the member or key employee from being a member of the committee of management or key employee of the credit society, respectively.

(2) Notwithstanding any other written law, if any proceedings are instituted against a member of the committee of management of a non-credit society in respect of any offence involving fraud or dishonesty, the Registrar may issue a written direction to require the society to suspend the member from being a member of the committee of management within such period, and on such terms and conditions, as may be specified in the written direction.

(3) A non-credit society that is, or a member of the committee of management of a non-credit society who is, aggrieved by the written direction issued by the Registrar under subsection (2) requiring the non-credit society to suspend the member may, within 30 days of the issue of the written direction, appeal to the Minister whose decision shall be final.

(4) Every member of the committee of management of a credit society which has contravened subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 and, in the case of a continuing offence, to a further fine not

exceeding \$500 for every day or part thereof during which the offence continues after conviction.

(5) No criminal or civil liability shall be incurred by a society or its committee of management, or any person acting on behalf of the society or the committee of management of the society, in respect of anything done or omitted to be done with reasonable care and in good faith in the discharge or purported discharge of the obligations of the society or the committee of management of the society under this section.”.

Amendment of section 66

35. Section 66(1) of the principal Act is amended —

(a) by deleting paragraphs (c) and (d) and substituting the following paragraph:

“(c) in the case of credit societies —

(i) subscription capital; and

(ii) other deposits from members which shall be withdrawable subject to conditions laid down in the by-laws;”;

(b) by deleting paragraph (f).

Repeal of sections 67 to 70 and re-enactment of sections 67, 68 and 69

36. Sections 67 to 70 of the principal Act are repealed and the following sections substituted therefor:

“Restrictions on loans

67.—(1) Subject to subsection (2), a credit society shall not make a loan or allow any credit to any person other than —

(a) a member of the credit society or his immediate family member;

(b) an employee of the credit society; or

(c) another society that is not a member of the credit society, with the written approval of the Registrar.

(2) For the purposes of subsection (1), a credit society may make loans or allow credit to persons who are not members of the credit

society only to such extent and under such conditions as may be prescribed by its by-laws.

(3) In this section, “immediate family member” shall have such meaning as may be prescribed.

Restrictions on borrowing

68.—(1) A society may receive loans from persons who are not members of the society only to such extent and under such conditions as may be prescribed by its by-laws and in the Rules.

(2) A credit society shall not receive any deposit from any person other than a member of the credit society, or his immediate family member to such extent and under such conditions as may be prescribed by its by-laws.

(3) A society which, under its by-laws, has power to borrow money shall determine from time to time at a general meeting —

- (a) the maximum liability which it may incur in loans from non-members; and
- (b) where the society is a credit society, the maximum liability which it may incur in loans or deposits from its members and their immediate family members.

(4) The maximum liabilities determined under subsection (3)(a) and (b) shall be subject to the approval of the Registrar who may, at any time, reduce one or both of the maximum liabilities or impose such conditions as he thinks necessary.

(5) In this section, unless the context otherwise requires —

“immediate family member” shall have such meaning as may be prescribed;

“loan”, in relation to a society, means —

- (a) the granting of an advance and other facility by a person to the society whereby the society has access to funds or financial guarantees; or
- (b) the incurring by the person of other liabilities on behalf of the society.

Investment of funds

69.—(1) A society may invest or deposit its funds in such manner as it thinks fit.

(2) Notwithstanding section 63, any person who exercises any power of investment in relation to the funds of a society pursuant to subsection (1) shall, when exercising such power of investment, be subject to the same duty of care imposed on a trustee under section 3A of the Trustees Act (Cap. 337).”.

Amendment of section 71

37. Section 71 of the principal Act is amended —

- (a) by deleting the words “Subject to subsection (3), every” in subsection (2) and substituting the word “Every”; and
- (b) by deleting subsections (3) and (4).

Amendment of section 72

38. Section 72 of the principal Act is amended by deleting subsection (3).

Amendment of section 74

39. Section 74(6) of the principal Act is amended by deleting paragraph (b) and substituting the following paragraph:

- “(b) the matters specified in section 9(1)(a), (b) and (c) and, where the proposed amalgamated society proposes to provide any financial service, the matters specified in section 9(1B)(a) to (f), are met; and”.

Repeal of section 76

40. Section 76 of the principal Act is repealed.

Repeal of section 78

41. Section 78 of the principal Act is repealed.

Repeal and re-enactment of section 79

42. Section 79 of the principal Act is repealed and the following section substituted therefor:

“Inquiry by Registrar

79.—(1) The Registrar may at any time, on his own motion, institute an inquiry into the constitution, operations, financial condition or affairs of the society.

(2) The Registrar shall institute an inquiry into the constitution, operations, financial condition or affairs of the society on the application of at least —

- (a) a majority of the committee of management; or
- (b) one-third of the members or 500 members of a society, whichever is the less.

(3) The Registrar may —

- (a) conduct an inquiry under subsection (1) or (2) himself;
- (b) direct any person authorised by him in writing on his behalf to conduct the inquiry; or
- (c) delegate the exercise of his power to hold an inquiry under this section, partly or totally, to an apex organisation.

(4) For the purposes of an inquiry under subsection (1) or (2), the Registrar or any person authorised by him shall have power —

- (a) to have at all reasonable times free access to all books, accounts and other records relating directly or indirectly to the society;
- (b) to require the production of any book or document relating to the affairs of, or any property belonging to, the society by its officer, agent, employee or member in possession of the book, document or property;
- (c) to require any officer, agent, employee or member of the society to furnish any information in regard to any transaction of the society or the management of its affairs; and
- (d) to make copies of or extracts from accounting and other records, or retain possession of such records for such period as may be necessary to enable them to be inspected.

(5) Where the exercise of any inquiry power has been delegated to an apex organisation under subsection (3)(c), the Registrar shall have

power to do all things necessary to ensure that the inquiry is effectively held and in accordance with the provisions of this Act.

(6) The Registrar shall communicate the results of any inquiry held under this section to the society concerned.”.

Amendment of section 83

43. Section 83 of the principal Act is amended by deleting subsection (2) and substituting the following subsection:

“(2) The Registrar may, of his own motion, make a winding-up order in respect of a society —

- (a) which has ceased working;
- (b) the membership of which is reduced to less than the minimum membership prescribed in section 5;
- (c) which has failed, for 2 or more consecutive years, to comply with the requirements of this Act with respect to the holding of annual general meetings or the submission of audited financial statements of the society; or
- (d) which provides any financial service in contravention of section 16A(1) or 16B(1).”.

Amendment of section 85

44. Section 85 of the principal Act is amended by inserting, immediately after the word “office” in paragraph (b), the words “or take such other action as the Registrar may think fit”.

Amendment of section 88

45. Section 88 of the principal Act is amended by deleting the words “, including the reserve fund,”.

Amendment of section 90

46. Section 90(1) of the principal Act is amended by deleting the words “under section 78, or in the course of an inquiry into the affairs of a society held under section 79,” in the 2nd and 3rd lines and substituting the words “under this Act, in the course of an inquiry held under section 79,”.

Amendment of section 91

47. Section 91 of the principal Act is amended by deleting subsections (1) and (2) and substituting the following subsection:

“(1) If a dispute arises concerning requirements of this Act relating to the constitution, election of officers or conduct of general meetings —

- (a) among members, past members and persons claiming through members, past members and deceased members;
- (b) between a member, past member or deceased member, and the society, its committee of management or any officer of the society;
- (c) between the society or its committee of management and any officer of the society; or
- (d) between the society and any other society,

the dispute may be referred to the Registrar for decision in accordance with subsection (3).”.

Repeal and re-enactment of section 93 and new sections 93A and 93B

48. Section 93 of the principal Act is repealed and the following sections substituted therefor:

“Miscellaneous powers of Registrar

93.—(1) The Registrar shall have power to —

- (a) attend, personally or by his representative, general meetings and committee meetings of a society and require by written directions every society to send to him, at the proper time, notice and agenda of every meeting, and all minutes and communications in respect thereof;
- (b) convene extraordinary general meetings in accordance with the provisions of this Act;
- (c) rescind any resolution or action of an officer or a committee of management or of a general meeting of a society which, in his opinion, is outside the objects of the society as defined in the by-laws;

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- (d) require, by written directions, a credit society to —
 - (i) make provision for bad or doubtful debts or any other matter;
 - (ii) secure repayment of any loan;
 - (iii) cease to receive any deposit from, or grant any loan to, any person or class of persons or impose such restrictions on the receipt of any deposit or the grant of any loan as the Registrar thinks fit;
 - (iv) cease to carry on any partnership, joint venture or other arrangement with any person; or
 - (v) otherwise reduce or cease any exposure to any person or class of persons, or impose such restrictions on any exposure to any person or class of persons as the Registrar thinks fit; and
 - (e) prohibit or restrict, by written directions, the granting of loans on a mortgage or charge of immovable property by any credit society or class of credit societies.

(2) The Registrar may from time to time issue written directions, either of a general or specific nature, to any society, any class of societies or all societies to comply with such requirements as he may specify in the written directions.

(3) Without prejudice to the generality of subsection (2), written directions may be issued —

- (a) with respect to the standards to be maintained by a society in the conduct of its affairs;
- (b) with respect to the provision of any financial service by a credit society, including the establishment of any branch of the credit society and facilities for the provision of such financial service;
- (c) with respect to the investment policies and procedures to be maintained by a society; or
- (d) for any purpose specified in this Act or the rules made thereunder.

(4) The Registrar may at any time vary, rescind or revoke any written direction issued under subsection (2).

(5) For the avoidance of doubt, any written direction issued under subsection (2) shall be deemed not to be subsidiary legislation.

Power to freeze bank accounts

93A.—(1) Where the Minister is satisfied that it is necessary to prevent the loss or misuse of the funds of a society, the Minister may, by order, direct any financial institution not to pay any money out or not to pay cheques drawn on the account of the society for a specified period not exceeding 3 months.

(2) A financial institution which complies with an order of the Minister under subsection (1) shall be relieved of any liability to any other person in respect of the payment prohibited by the order.

(3) Any financial institution which contravenes an order of the Minister under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000.

(4) In this section, “financial institution”, in relation to a society, means a bank licensed under the Banking Act (Cap. 19), a finance company licensed under the Finance Companies Act (Cap. 108), or any other society that is a credit society.

Codes, guidelines, etc., by Registrar

93B.—(1) The Registrar may from time to time issue, and publish in such form and manner as he considers appropriate, such circulars, codes, guidelines and practice notes as he deems fit for providing guidance —

- (a) in furtherance of the regulatory objectives of this Act;
- (b) in relation to any matter relating to any of the functions or powers of the Registrar under this Act; or
- (c) in relation to the operation of any provision of this Act or the rules made thereunder.

(2) The Registrar may, at any time, amend or revoke the whole or any part of any circular, code, guideline or practice note issued under this section.

(3) Where amendments are made under subsection (2) —

- (a) the other provisions of this section shall apply, with the necessary modifications, to such amendments as they apply to the circular, code, guideline or practice note; and
- (b) any reference in this Act, the rules made thereunder or any other written law to the circular, code, guideline or practice note, however expressed, shall, unless the context otherwise requires, be a reference to the circular, code, guideline or practice note as so amended.

(4) Any person who fails to comply with any circular, code, guideline or practice note issued under this section that applies to him shall not of itself render that person liable to criminal proceedings, but any such failure may, in any proceedings, whether civil or criminal, be relied upon by any party to the proceedings as tending to establish or negate any liability which is in question in the proceedings.

(5) For the avoidance of doubt, any circular, code, guideline or practice note issued under this section shall be deemed not to be subsidiary legislation.”.

Amendment of section 94

49. Section 94 of the principal Act is amended by deleting subsection (1) and substituting the following subsections:

“(1) If the Registrar is satisfied, after due inquiry by a person appointed by him or for any other reason, that the committee of management of a society is not performing its duties properly, he may by order published in the *Gazette* —

- (a) suspend all or any of the activities of the society, for such period as he shall specify;
- (b) remove the committee of management of the society and order that the affairs of the society be managed and administered by a committee of not less than 2 persons and a manager, all appointed by him, for a period not exceeding one year or such longer period as he thinks fit; or
- (c) remove one or more members from the committee of management of the society.

(1A) The Registrar shall use the extraordinary powers under subsection (1) only after giving an opportunity to the committee of management of a society or the member thereof (as the case may be) to show cause why action should not be taken to suspend the activities of the society, or to remove the committee of management or the member thereof, and after considering the objections of the committee of management or the member thereof (as the case may be).

(1B) Allowances of the committee, and the salary of the manager, appointed under subsection (1)(b) shall be paid out of the funds of the society.”.

Amendment of section 95

50. Section 95 of the principal Act is amended by deleting subsection (2) and substituting the following subsections:

“(2) Without prejudice to the generality of subsection (1), such rules may be made for or with respect to —

- (a) any form to be used for any purpose under this Act;
- (b) the books and accounts to be kept by societies, including the preparation and submission of documents or information in compliance with governance requirements or best practices, and the disclosure of the level of such compliance by societies to the Registrar or the apex organisation;
- (c) the preparation, submission or audit of financial statements of societies, including the procedure for applying for relief from compliance with any requirement of the accounting standards or requirements referred to in section 34(5);
- (d) the administration and use of the Central Co-operative Fund and the Co-operative Societies Liquidation Account;
- (e) the maximum rate of dividend on share capital or subscription capital which may be paid by a society;
- (f) the governance of societies, and the appointment and removal of officers of societies;
- (g) the form and content of the annual reports of societies;

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- (h) other documents and information to be submitted by societies to the Registrar or the apex organisation;
 - (i) the fees to be paid in respect of any document required to be submitted to, registered with or issued by the Registrar under this Act, for the inspection of any such document or for any other matter or thing required for the purposes of this Act, and the refund or remission, whether wholly or in part, of such fees;
 - (j) the management of credit societies, the restrictions on advertising, and the regulation or control of activities and affairs of credit societies; and
 - (k) any other matter or thing required or permitted to be prescribed or necessary to be prescribed to give effect to this Act.
- (3) The rules made under subsection (1) —
- (a) may be of general or specific application;
 - (b) may provide that a contravention of any specified provision thereof shall be an offence; and
 - (c) may provide for penalties not exceeding a fine of \$10,000 for each offence and, in the case of a continuing offence, a further penalty not exceeding a fine of \$500 for every day or part thereof during which the offence continues after conviction.”.

New section 95A

51. The principal Act is amended by inserting, immediately after section 95, the following section:

“Foreign co-operative societies

95A.—(1) The Minister may make rules for or with respect to the registration or regulation of co-operative societies which are registered, incorporated or formed outside Singapore, or a class thereof, and which carry on business in Singapore.

(2) Without prejudice to the generality of subsection (1), the Minister may, in making rules under subsection (1) in respect of

co-operative societies which are registered, incorporated or formed outside Singapore, or a class thereof —

- (a) specify the circumstances under which such co-operative societies or any class thereof shall or shall not be regarded as carrying on business in Singapore; and
 - (b) specify the provisions of this Act that apply to the co-operative societies and the modifications subject to which they apply.
- (3) The rules made under subsection (1) —
- (a) may provide that a contravention of any specified provision thereof shall be an offence; and
 - (b) may provide for penalties not exceeding a fine of \$10,000 for each offence and, in the case of a continuing offence, a further penalty not exceeding a fine of \$500 for every day or part thereof during which the offence continues after conviction.”.

New sections 97A and 97B

52. The principal Act is amended by inserting, immediately after section 97, the following sections:

“General exemption

97A. Notwithstanding anything in this Act, the Minister may, by order published in the *Gazette*, exempt any person or class of persons from any of the provisions of this Act or the rules made thereunder.

Amendment of Schedule

97B.—(1) The Minister may at any time, by order published in the *Gazette*, amend the Schedule.

(2) The Minister may, in any order made under subsection (1), make such incidental, consequential or supplementary provisions as may be necessary or expedient.”.

Amendment of section 99

53. Section 99(2) of the principal Act is amended by deleting the words “\$500 and in the case of a continuing offence to a further fine of \$50 for

every day” and substituting the words “\$5,000 and, in the case of a continuing offence, to a further fine not exceeding \$500 for every day or part thereof”.

Repeal and re-enactment of section 100 and new sections 100A to 100F

54. Section 100 of the principal Act is repealed and the following sections substituted therefor:

“General penalty

100.—(1) Subject to the provisions of this Act, it shall be an offence if —

- (a) a society, or any officer or member thereof, neglects or refuses to do an act or furnish information required for the purposes of this Act by the Minister, the Registrar or a person duly authorised in that behalf by the Minister or Registrar, as the case may be;
- (b) a person makes a false return or declaration or furnishes false information under this Act;
- (c) a person, without reasonable excuse, disobeys any summons, requisition, written direction or written order issued under this Act or does not furnish information required from him by a person authorised to do so under this Act;
- (d) a person acts or purports to act as a member of the committee of management of a society when not entitled to do so;
- (e) a society, or any officer or member thereof, performs any act which requires the consent or approval of the Registrar without first having obtained the consent or approval;
- (f) a society, or any officer or member thereof, neglects or refuses to do any act or thing which is required by or under this Act to be done; or
- (g) a society, or any officer or member thereof, does or causes to be done any act or thing which is prohibited by this Act.

(2) Any society which fails to comply with a term or condition of its registration, or of any approval granted by the Registrar under section 16A, shall be guilty of an offence.

(3) Every society, officer, agent, employee or member of a society or other person guilty of an offence under this section shall be liable on conviction to a fine not exceeding \$10,000 and, in the case of a continuing offence, to a further fine not exceeding \$500 for every day or part thereof during which the offence continues after conviction.

False reports made by officer to member of committee of management, auditor or member of society

100A.—(1) Any officer of a society who, with intent to deceive, makes or furnishes, or knowingly and wilfully authorises or permits the making or furnishing of, any false or misleading statement or report —

- (a) to a member of the committee of management, an auditor, or a member of the society; or
- (b) in the case of a society that is a subsidiary, to an auditor of the parent society,

relating to the affairs of the society, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

(2) In subsection (1), “officer” includes a person who at any time has been an officer of the society.

Fraudulently inducing persons to invest or deposit money with society

100B. Whoever, being an officer or agent of any society, by any deceitful means or false promise and with intent to defraud, causes or procures any money to be paid to or deposited with that society or himself or any other person for the use or benefit or on account of that society shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$15,000 or to imprisonment for a term not exceeding 5 years or to both.

Fraud by officers against creditors of societies

100C.—(1) Every person who, while an officer of a society —

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- (a) has by deceitful or fraudulent or dishonest means or by means of any other fraud induced any person to give credit to the society;
 - (b) with intent to defraud creditors of the society, has made or caused to be made any gift or transfer of or charge on, or has caused or connived at the levying of any execution against, the property of the society; or
 - (c) with intent to defraud creditors of the society, has concealed or removed any part of the property of the society since or within 2 months before the date of any unsatisfied judgment or order for payment of money obtained against the society,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$15,000 or to imprisonment for a term not exceeding 3 years or to both.

(2) If, in the course of the winding-up of a society or in any proceedings against a society, it appears that an officer of the society who was knowingly a party to the contracting of a debt had, at the time the debt was contracted, no reasonable or probable ground of expectation, after taking into consideration the other liabilities, if any, of the society at the time, of the society being able to pay the debt, the officer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000 or to imprisonment for a term not exceeding 3 months or to both.

Offences by bodies corporate, etc.

100D.—(1) Where an offence under this Act or the rules made thereunder committed by a body corporate is proved —

- (a) to have been committed with the consent or connivance of an officer; or
- (b) to be attributable to any neglect on his part,

the officer as well as the body corporate shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(2) Where the affairs of a body corporate are managed by its members, subsection (1) shall apply in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.

(3) Where an offence under this Act or the rules made thereunder committed by a partnership is proved —

- (a) to have been committed with the consent or connivance of a partner; or
- (b) to be attributable to any neglect on his part,

the partner as well as the partnership shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(4) Where an offence under this Act or the rules made thereunder committed by an unincorporated association (other than a partnership) is proved —

- (a) to have been committed with the consent or connivance of an officer of the unincorporated association or a member of its governing body; or
- (b) to be attributable to any neglect on the part of such officer or member,

the officer or member as well as the unincorporated association shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(5) In this section —

“officer” —

- (a) in relation to a body corporate, means any director, partner, member of the committee of management, chief executive, manager, secretary or other similar officer of the body corporate and includes any person purporting to act in any such capacity; or
- (b) in relation to an unincorporated association (other than a partnership), means the president, the secretary, or any member of the committee of the unincorporated association, or any person holding a position analogous to that of president, secretary or member of a committee and includes any person purporting to act in any such capacity;

“partner” includes any person purporting to act as a partner.

(6) The Minister may make rules to provide for the application of any provision of this section, with such modifications as the Minister considers appropriate, to any body corporate or unincorporated association formed or recognised under the law of a territory outside Singapore.

Jurisdiction of court

100E. Notwithstanding any provision to the contrary in the Criminal Procedure Code (Cap. 68), a District Court shall have jurisdiction to try any offence under this Act or the rules made thereunder and shall have power to impose the full penalty or punishment in respect of the offence.

Composition of offences

100F.—(1) The Registrar may, in his discretion, compound any offence under this Act or the rules made thereunder which is prescribed as a compoundable offence by collecting from a person reasonably suspected of having committed the offence a sum not exceeding —

- (a) one half of the amount of the maximum fine that is prescribed for the offence; or
- (b) \$5,000,

whichever is the lower.

(2) On payment of such sum of money, no further proceedings shall be taken against that person in respect of the offence.”.

Repeal of section 102

55. Section 102 of the principal Act is repealed.

Repeal of First and Second Schedules

56. The First and Second Schedules to the principal Act are repealed.

Amendment of Third Schedule

57. The Third Schedule to the principal Act is amended —

- (a) by deleting the words “THIRD SCHEDULE” in the heading and substituting the words “THE SCHEDULE”;

- (b) by deleting the words “The mode of election” in paragraph 13 and substituting the words “The nomination of candidates for election, and the mode of election”;
- (c) by deleting paragraph 15;
- (d) by deleting the words “creation of funds to be lent” in paragraph 18 and substituting the words “provision of loans”; and
- (e) by inserting, immediately after the word “members” in paragraph 18(a), the words “and non-members and the extent to which the society may provide loans to members and non-members”.

Consequential amendments to other written laws

58.—(1) The Banking Act (Cap. 19) is amended —

- (a) by inserting, immediately after the word “registered” in section 4A(6)(b), the words “as a credit society”; and
- (b) by deleting paragraph (a) of section 76.

(2) Section 53 of the Finance Companies Act (Cap. 108) is amended —

- (a) by inserting the word “or” at the end of subsection (1)(a);
- (b) by deleting paragraph (b) of subsection (1);
- (c) by re-lettering paragraph (c) of subsection (1) as paragraph (b); and
- (d) by inserting, immediately after subsection (1), the following subsection:

“(1A) Every co-operative society registered as a credit society under the Co-operative Societies Act (Cap. 62) to provide financial services shall, to the extent that such services amount to financing business, be exempt from section 3 in respect of such services.”.

Transitional and saving provisions

59.—(1) The transitional and saving provisions in the Schedule shall have effect.

(2) Except as provided in the Schedule, nothing in the Schedule shall affect any savings provided by the Interpretation Act (Cap. 1).

THE SCHEDULE

Sections 24(b) and 59

TRANSITIONAL AND SAVING PROVISIONS

Registration of existing societies which provide financial services as credit societies

1.—(1) Notwithstanding section 16A of the principal Act (inserted by section 14 of this Act), every society which, immediately before the date of commencement of this Act (referred to in this Schedule as the appointed day), provides any financial service shall be deemed to be a credit society to provide the financial service —

- (a) until the expiry of one year from that day or such longer period as the Minister may allow; or
- (b) where an application under that section is made before the expiry of one year from that day or such longer period as the Minister may allow, until the date the application is approved or refused,

whichever is the later.

(2) For the purpose of an application referred to in sub-paragraph (1)(b), the society shall amend its by-laws to bring them in conformity with the provisions of the principal Act as amended by this Act (referred to in this Schedule as the amended Act).

(3) The Registrar may, in approving an application referred to in sub-paragraph (1)(b), subject his approval to such terms and conditions as he thinks fit, including all or any of the following conditions (with such modifications as the Registrar may consider appropriate in the circumstances of the case):

- (a) a condition that the society shall not, without a resolution passed by a general meeting of the society, use the funds received from deposits by its members to provide any service (not being a financial service) carried on by the society immediately before the appointed day and which the society intends to continue to provide on or after the date of the Registrar's approval;
- (b) a condition that the society shall not use the funds received from deposits by its members to provide any new service (not being a financial service) on or after the date of the Registrar's approval;
- (c) a condition that the society shall not admit any new member where this would cause its total membership to exceed a specified limit.

(4) A society which continues to provide any financial service after the expiry of the period in which it is deemed to be a credit society under sub-paragraph (1) without being registered as a credit society under the amended Act may, without prejudice to

such other action as may be taken against the society, be liable to be wound up by the Registrar under section 83 of the amended Act.

(5) Any by-law of a society which remains inconsistent with the amended Act or the Rules (within the meaning of section 2 of the amended Act) immediately after the expiry of the period in which it is deemed to be a credit society under sub-paragraph (1) shall be deemed to be invalid.

(6) This paragraph shall apply, with the necessary modifications, to any amalgamated society which —

- (a) is formed within one year of the appointed day by the amalgamation of 2 or more societies, at least one of which is deemed to be a credit society under sub-paragraph (1); and
- (b) provides any financial service.

Modification of by-laws

2.—(1) Without prejudice to paragraph 1, every society registered under the principal Act immediately before the appointed day shall amend its by-laws to bring them in conformity with the amended Act within one year from that day or such longer period as the Minister may allow.

(2) Where any by-law of a society referred to in sub-paragraph (1) is inconsistent with the amended Act, the Registrar may by order direct the society to amend the by-law within such time as may be specified in the order, or such longer period as the Registrar may allow.

(3) Any society which, without reasonable excuse, contravenes an order of the Registrar issued under sub-paragraph (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 and, in the case of a continuing offence, to a further fine not exceeding \$500 for every day or part thereof during which the offence continues after conviction.

Pending applications for registration

3. A pending application for registration of a proposed society that is made before the appointed day —

- (a) shall be deemed to be an application made under the amended Act; and
- (b) shall be subject to the provisions of the amended Act, except the requirement to pay an application fee under section 7 of that Act.

Saving for existing societies which provide financial services

4. Except as otherwise provided in paragraphs 1 and 2 —

- (a) every society which, immediately before the appointed day, provides any financial service shall be exempt from sections 16B, 36, 59(1)(b), 67 and 68 of the amended Act relating or applicable to credit societies for one year from that day or such longer period as the Minister may allow; and

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- (b) sections 67 and 68 of the principal Act shall apply during that period to such a society as if these sections were not repealed by this Act.

Application to societies registered under repealed Co-operative Societies Act

5. For the avoidance of doubt, the amended Act applies to every society which is registered under the repealed Co-operative Societies Act (Cap. 186, 1970 Ed.) to the same extent that it applies to a society which is registered under the principal Act.

Saving of things commenced before appointed day

6. Where anything has been commenced by or on behalf of the Minister or the Registrar under the principal Act in relation to any society before the appointed day, such thing may be carried on and completed by or under the authority of the Minister or the Registrar, respectively, under the amended Act.
