

Chapter 141.
Savings and Loan Societies Act 1961.

Certified on: / /20 .

INDEPENDENT STATE OF PAPUA NEW GUINEA.



Chapter 141.

Savings and Loan Societies Act 1961.

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INDEPENDENT STATE OF PAPUA NEW GUINEA.



AN ACT

entitled

Savings and Loan Societies Act 1961,

Being an Act relating to Savings and Loan Societies.

PART I. – PRELIMINARY.

1. INTERPRETATION.

In this Act, unless the contrary intention appears–

“**association**” means an association of societies formed under Part IV;

¹“**bank**” means the Rural Development Bank of Papua New Guinea, the Central Bank or any other bank carrying on business in the country and approved by the Registrar for the purposes of this Act;

“**the Board**”, in relation to a society, means the Board of Directors of the society;

²“**Central Bank**” means the Bank of Papua New Guinea continued in establishment under the *Central Banking Act 2000*;

“**Director**”, in relation to a society, means a member of the Board of Directors of the society;

“**the Federation**” means the association authorized under Section 37(2);

“**financial year**”, in relation to a society, means the financial year of the society as defined in the Rules;

³“**Governor**” means the Governor of the Central Bank appointed under Section 15 of the *Central Banking Act 2000*;

¹ Section 1 (definition of “bank”) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s2(a).

² Section 1 (definition of “Central Bank”) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s2(b).

- “League”** means an association other than the Federation;
- “the Loans Committee”**, in relation to a society other than an association, means the Loans Committee (if any) of the society established in accordance with Section 26;
- ⁴**“management”** means the chief executive officer of a society;
- “member”** means a member of a society;
- ⁵**“officer”**, in relation to a society, means the chairman, deputy chairman and secretary, and any other person empowered under the rules to give directions in regard to the business of the society;
- ⁶**“the Registrar”** means the Registrar of Savings and Loan Societies in accordance with Section 2;
- “the regulations”** means any regulations made under this Act;
- “the Rules”**–
- (a) in relation to a society other than an association, means the standard rules as applying to the society, and as added to or amended by rules made and approved under Section 17; and
 - (b) in relation to a League, means the rules of the League applying in accordance with Section 38(2); and
 - (c) in relation to the Federation, means the rules approved under Section 28(1);
- ⁷**“savings”**, in relation to a society, means the savings deposits of the members of the society;
- “society”** means a Savings and Loan Society registered under Section 11, and includes an association;
- “the standard rules”** means rules made, approved and published under Section 16;
- “the Supervisory Committee”**, in relation to a society other than an association, means the Supervisory Committee of the society elected under Section 25;
- “this Act”** includes the regulations.

³ Section 1 (definition of “Governor”) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s2(c).

⁴ Section 1 (definition of “management”) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s2(d).

⁵ Section 1 (definition of “officer”) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s2(e).

⁶ Section 1 (definition of “the Registrar”) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s2(f).

⁷ Section 1 (definition of “savings”) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s2(g).

PART II. – ADMINISTRATION.

2. REGISTRAR AND DEPUTY REGISTRARS.

⁸(1) The Governor of the Central Bank shall be the Registrar of Savings and Loan Societies.

(2) The Registrar is charged with the administration of this Act and has such powers, functions and duties as are conferred on him by this Act.

(3) The Registrar shall have a seal of office approved by the Governor.

(4) The Registrar may, by notice in the National Gazette, appoint an officer or officers of the Central Bank to be a Deputy Registrar or Deputy Registrars.

(5) During the absence from duty of the Registrar by reason of illness, leave of absence or other cause, the powers and functions of the Registrar may be exercised by a Deputy Registrar.

(6) During the absence of both the Registrar and the Deputy Registrar or Deputy Registrars, the Governor shall appoint a person to act as Registrar and that person shall exercise the powers and functions of the Registrar under this Act.

3. FUNCTIONS AND POWERS OF THE REGISTRAR.

⁹Subject to any directions by the Governor, the functions and powers of the Registrar are to–

- (a) register groups as societies where he is satisfied that registration is advisable; and
- (b) inspect or investigate the operations of a society; and
- (c) make Rules for a society; and
- (d) appoint his representatives to the Board of Directors and Supervisory Committee of a society, where he is of the opinion that the society is carrying on business detrimental to the best interests of the members; and
- (e) suspend the operations of a society; and
- (f) suspend or remove a member or members of a Board of Directors, Supervisory Committee, Loans Committee or management of a society; and
- (g) wind-up the operations of a society; and
- (h) appoint a member or all the members of the Board of Directors and Supervisory Committee of a society; and
- (i) set guidelines for investments for savings and loans for societies; and

⁸ Section 2 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s3.

⁹ Section 3 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s4.

- (j) set lending guidelines for societies; and
- (k) require a society to submit such information as he specifies; and
- (l) appoint an Administrator to manage a society; and
- (m) direct a society to apply for a licence as a licensed financial institution in accordance with the *Banks and Financial Institutions Act 2000*; and
- (n) direct a society to do such things as he specifies; and
- (o) do all things necessary or convenient to be done for or in connection with the achievement of the objects and the performance of the functions of a society.

4. AUDIT.

(1) The Registrar, or a person authorized by him, shall inspect and audit the accounts and records of financial transactions of a society and records relating to its assets or assets in its custody, and shall promptly draw the attention of the Board to any irregularity disclosed by the inspection and audit that is, in the opinion of the Registrar, of sufficient importance to justify his so doing.

(2) The Registrar or authorized person may, in his discretion, dispense with the whole or any part of the detailed inspection and audit of any accounts or records referred to in Subsection (1).

(3) The Registrar shall, at least once in each year, report to the Board the results of the inspection and audit carried out under Subsection (1).

(4) The Registrar or a person authorized by him is entitled at all reasonable times to full and free access to all accounts, records, documents and papers of a society relating directly or indirectly to the receipt or payment of moneys by it, or to the acquisition, receipt, custody or disposal of assets by it.

(5) The Registrar or a person authorized by him may make copies of, or take extracts from, any such accounts, records, documents or papers.

(6) The Registrar or a person authorized by him may require any person to furnish him with such information in his possession or to which he has access as the Registrar or authorized person thinks necessary for the purposes of the functions of the Registrar or authorized person under this section, and the person must comply with the requirement.

(7) A person who contravenes Subsection (6) is guilty of an offence.

Penalty: ¹⁰A fine not exceeding K5,000.00.

¹⁰ Section 4: Penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s5.

4A. CONSEQUENCES OF AUDIT.

¹¹(1) Where the Registrar is of the opinion that any irregularities disclosed by the inspection and audit of a society under Section 4 are serious in nature, he may suspend a part or the whole of the operations of the society.

(2) The Registrar may, in addition to any suspension under Subsection (1), take such other action as is necessary to restore normality to the operations of the society.

(3) Where any—

(a) suspension effected under Subsection (1); and

(b) action taken under Subsection (2),

are unable to restore normality to the operations of a society, the Registrar may take such action under Sections 3A and 51 as he considers necessary.

4B. PROTECTION OF PERSONS SUPPLYING INFORMATION TO THE REGISTRAR.

¹²Where a member, Director, officer or staff member of a society—

(a) supplies information to the Registrar, either on his own initiative or in pursuance of a requirement by the Registrar; and

(b) the information supplied discloses, or the manner of supplying the information constitutes, a ground for disciplining the member, Director, officer or staff member supplying the information,

the Supervisory Committee, Board or management of the society shall not commence disciplinary procedures against that member, Director, officer or staff member until the completion by the Registrar of any investigation in respect of the information supplied.

5. DELEGATION.

The Registrar may delegate, in writing, all or any of his powers and functions under this Act (except this power of delegation).

6. ANNUAL REPORT.

¹³The Registrar shall, not later than three calendar months after the end of each financial year, furnish a report to the Minister on his proceedings, the principal matters transacted by him and the operation of this Act during the period of 12 months ended on the preceding 31 December.

¹¹ Section 4A inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s6.

¹² Section 4B inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s7.

¹³ Section 6 amended by No. 47 of 1977, Schedule 1; amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s8.

7. ADVISERS.

(1) The Registrar may, by writing under his hand, appoint a person to act as adviser to a society.

(2) The duties of an adviser to a society are—

(a) to assist the society, in an honorary capacity, in the interpretation of this Act and the Rules; and

(b) to carry out such other functions for the furtherance of the aims of the society as are agreed on in writing between the adviser and the Registrar.

(3) An adviser to a society may attend and take part in meetings of the society and the Board, but is not entitled to vote on a question at a meeting.

PART III. – SOCIETIES OTHER THAN ASSOCIATIONS.

Division 1.

Preliminary.

8. APPLICATION OF PART III.

Subject to Part IV, this Part does not apply to or in relation to an association.

Division 2.

Registration.

9. SAVINGS AND LOAN SOCIETIES.

Subject to this Act, a group of persons the objects of which are–

- (a) to promote thrift among its members; and
- (b) to educate its members in financial responsibility; and
- (c)¹⁴ to receive the savings of its members as contributions in the form of savings deposits; and
- (d) to make loans to its members for any of the purposes specified in Part V.,

may be registered as a Savings and Loan Society under this Act.

10. APPLICATION FOR REGISTRATION.

(1)¹⁵ ¹⁶A minimum of 500 persons or such other number as is determined by the Registrar qualified to be members of a Savings and Loan Society who desire to associate themselves together as a group for the objects specified in Section 9 may apply for registration as a Savings and Loan Society under this Act.

(2) An application for registration shall be forwarded to the Registrar, together with–

- (a) details of the proposed name and address of the society; and
- (b) a description of the group of persons to which membership is to be limited; and
- (c) a list of prospective members, together with their addresses and a statement of–
 - (i) their qualifications for membership of the society; and
 - (ii)¹⁷ the amount that each prospective member proposes to deposit; and

¹⁴ Section 9(c) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s9.

¹⁵ Section 10(1) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s10(a).

¹⁶ Section 10(1) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s10(a).

¹⁷ Section 10(2)(c)(ii) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s10(b).

- (d) the name and address of the provisional secretary; and
- (e) a copy of the proposed rules of the society; and
- (f) such other particulars as are prescribed or required by the Registrar.

11. REGISTRATION.

(1) If the Registrar is satisfied that registration is advisable and in particular that—

- (a) the proposed society is viable; and
- (b) the group to which membership is limited is such that reasonable personal contact is assured among the members,

he shall register the society and issue to the provisional secretary a certificate in the prescribed form that the society is incorporated under this Act.

(2) Except with the consent of the Minister, a society shall not be registered by a name that, in the opinion of the Registrar, is undesirable or is a name, or a name of a kind, that the Minister responsible for the administration of the *Companies Act 1997* has, under Section 22 of that Act, directed the Registrar of Companies not to accept for registration under that Act.

(3) Where a society is registered in contravention of Subsection (2), the Registrar may direct the society to change its name.

12. CHANGE OF NAME OF SOCIETY.

(1) Subject to this section, a society may, by special resolution, change its name.

(2) Section 11(2) applies in relation to a name to which it is intended to change the name of a society.

(3) Within one month after a society passes a special resolution under Subsection (1), it must forward to the Registrar—

- (a) notice of the special resolution; and
- (b) its certificate of incorporation; and
- (c) the prescribed particulars.

Penalty: ¹⁸A fine not exceeding K1,000.00, and in addition a fine not exceeding K20.00 for every day during which the offence continues.

(4) If the Registrar is satisfied that the provisions of this Act with respect to the change of the name of a society have been complied with, he shall register the change of name in the prescribed manner, and the change of name has effect from the date of registration.

¹⁸ Section 12(3): Penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s11.

(5) No right or obligation of a society, a member of a society or any other person is affected by a change of the name of the society, and no legal proceedings by or against the society are made defective by reason of the change.

(6) Any legal proceedings that might have been commenced or continued against a society by its former name may be commenced or continued against it by its new name.

13. INCORPORATION.

(1) A society is a corporation by the name under which it is registered.

(2) The corporation—

(a) has perpetual succession; and

(b) shall have a seal; and

(c) has power—

(i) to hold property; and

(ii) to enter into contracts; and

(iii) to institute and defend actions, suits and legal proceedings; and

(iv) to do all things necessary or convenient for the purposes of its constitution.

(3) The name of a society shall end with the word “Limited” or the abbreviation “Ltd”.

13A. REGISTRAR MAY REQUIRE A SOCIETY TO BE LICENSED AS A FINANCIAL INSTITUTION.

¹⁹The Registrar may, where he considers it appropriate, either at the time of registration or at any time thereafter, direct a society to apply for a license as a licensed financial institution under the *Banks and Financial Institutions Act 2000*, and the society shall comply with such direction.

14. LIABILITY OF MEMBERS.

²⁰The liability of a member of a society is limited to the amount of outstanding loan and interest thereon less savings and interest thereon credited to the account of the member.

15. POWERS OF SOCIETIES.

For the purpose of carrying out its objects, a society may, subject to this Act—

(a) deposit money with an association of which it, or of which an association of which it is a member, is a member; and

¹⁹ Section 13A inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s12.

²⁰ Section 14 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s13.

- (b) deposit money in a bank; and
- (c)²¹ raise money on loan, subject to the approval of the Registrar, for the objects of the society and mortgage or pledge its property as security for the loan; and
- (d) invest funds in securities of or guaranteed by the State, or in other prescribed securities; and
- (da)²² invest funds in any institution, subject to the approval of the Registrar; and
- (e) insure its loans, funds or property against loss; and
- (f) hold, buy, lease, sell, surrender, exchange, mortgage or otherwise deal in property; and
- (g) do all other acts and things that are incidental or conducive to, or consequential on, the attainment of its objects.

Division 3.

Constitution.

16. STANDARD RULES.

(1) The Registrar may from time to time prepare rules, not inconsistent with this Act, for the constitution and management of societies.

(2)²³ ²⁴Subject to Section 17, rules made under Subsection (1), when approved by the Governor and published in the National Gazette, apply to all societies.

(3) The Registrar shall supply a copy of the standard rules to an applicant on payment of the prescribed fee.

17. SUPPLEMENTARY RULES.

(1)²⁵ ²⁶At an annual general meeting or at a special general meeting called for the purpose, a society may, by resolution passed by at least two-thirds of the members present and entitled to vote, make rules, not inconsistent with this Act, in addition to or amending the standard rules, and such additional rules shall be binding.

(2) Rules made under Subsection (1) have no force until they have been approved and registered as prescribed by the Registrar.

(3) The Registrar may direct that a society include in its rules such additional procedural rules as he thinks necessary for the efficient operation of the society.

²¹ Section 15(c) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s14(a).

²² Section 15(da) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s14(b).

²³ Section 16(2) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s15.

²⁴ Section 16(2) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s15.

²⁵ Section 17(1) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s16.

²⁶ Section 17(1) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s16.

18. BINDING EFFECT OF RULES.

Subject to this Act, the Rules of a society bind the society and its members to the same extent as if—

- (a) each member had subscribed his name and affixed his seal to the Rules; and
- (b) there were in the Rules a covenant on the part of himself, his successors and legal representatives to conform to the Rules.

19. MEMBERSHIP.

(1) The membership of a society shall be limited to a group of persons having a common bond of occupation, association or interest or to groups of persons residing within a well-defined community or area.

(2) A person who is—

- (a) one of a group of persons referred to in Subsection (1); and
- (b)²⁷ a citizen; and
- (c) not otherwise disqualified under this Act or the Rules,

is qualified to be admitted as a member of a society formed in respect of the group.

(3) Except with the written permission of the Registrar, a person shall not be a member of more than one society.

(4) Subject to this section, a person under or apparently under the age of 21 years but above or apparently above the age of 16 years may—

- (a) unless there is provision to the contrary in the Rules—be a member of a society; and
- (b) when a member, and subject to the Rules—
 - (i) enjoy all the rights of a member; and
 - (ii) execute such instruments and give such acquittances as are necessary to be executed or given by him under this Act or the Rules.

(5) A person is not entitled to be or to remain a member of a society if he is in default under the terms of a loan made to him by another society.

(6)²⁸ ²⁹The Board may admit to membership of a society a person who is qualified for membership, but he shall not exercise any of the rights of membership unless he has subscribed for at least one share and paid an amount, not being less than the initial amount prescribed by the Rules, in respect of saving deposits made for by him.

²⁷ Section 19(2)(b) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s17(a).

²⁸ Section 19(6) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s17(b).

²⁹ Section 19(6) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s17(b).

(7) Any question as to the right of a person to be or to remain a member of a society shall be decided by the Registrar.

20. GROUP MEMBERSHIP.

(1) This section applies to any body of persons (corporate or unincorporate) whose objects—

- (a) are, in whole or in part, similar to the objects of societies; or
- (b) are not incompatible with those objects.

(2) A body of persons to whom this section applies may become a member of a society—

- (a) if all the members of the body are persons who are, apart from this section, eligible to be members of the society; and
- (b) with the specific approval of the Registrar; and
- (c) on such terms and conditions as are determined by the Registrar with a view to—
 - (i) protecting the interests of other members of the society; and
 - (ii) ensuring that the benefits of membership of the society are passed on to the members of the body.

21. SAVINGS.

³⁰(1) The capital of a society shall—

- (a) be unlimited in amount; and
- (b) be not less than the total amount of the savings deposits of its members.

(2) A member shall receive interest or additional interest on his savings deposits.

22. LIEN ON SAVINGS.

³¹In respect of any debt due from a member, past member or deceased member to a society or of a guarantee by a member, past member or deceased member of a loan under this Act, a society has a lien on—

- (a) his savings deposits; and
- (b) any interest or additional interest or accumulated funds payable to him by the society,

and may set off any sum credited or payable to him on or towards payment of the debt or satisfaction of the guarantee.

³⁰ Section 21 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s18.

³¹ Section 22 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s19.

23. DEATH OF MEMBER.

³²Subject to this Act and to the Rules, on the death of a member, the society shall transfer his savings deposit and any money due to him by way of interest or additional interest or otherwise, under this Act—

- (a) to his nominee; or
- (b) if there is no nominee—to his legal personal representative; or
- (c) if there is no nominee or legal personal representative—to his next of kin.

24. ANNUAL GENERAL MEETING.

³³(1) The first annual general meeting of a society shall be held within one month after the registration of the society under this Act.

(2) Subject to Subsection (1), the annual general meeting of a society shall be held within three months, or such other period as is determined by the Registrar, after the close of the financial year.

(3) Where a society has a nation-wide membership, the full members of the Board and the Supervisory Committee elected in accordance with Section 25(2), present at the annual or special general meeting shall be a quorum and shall discuss the business of that meeting.

(4) Subject to Subsection (2), the Registrar may extend the period within which an annual general meeting of a society is to be held, but the annual general meeting shall be held within a period of four months after the close of the financial year.

(5) The Registrar, or the representative of the Registrar, may be present at the annual general meeting or special general meeting of a society.

25. ELECTION OF BOARD AND SUPERVISORY COMMITTEE.

³⁴(1) Where a society does not have a nation-wide membership, at each annual general meeting the members shall elect—

- (a) a Board of Directors of not less than five members of the society; and
- (b) a Supervisory Committee of not less than three members of the society who are not members of the Board.

(2) Where a society has a nation-wide membership, the members shall elect a Board of Directors and a Supervisory Committee by ballot through a competent authority appointed by the Registrar.

(3) Where the Registrar is of the opinion that a society is carrying on business detrimental to the best interests of the members, he may appoint his representatives to the Board of Directors and to the Supervisory Committee of that society.

³² Section 23 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s20.

³³ Section 24 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s21.

³⁴ Section 25 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s22.

(4) All members of a Board of Directors and of a Supervisory Committee (except members appointed by the Registrar) shall—

- (a) retire from office after the expiry of three years from the date of election; and
- (b) are eligible for re-election.

(5) Subject to this Act, members of the Board and of the Supervisory Committee of a society hold office, cease to hold office and may be removed from office, in accordance with the Rules or may be appointed to or removed from office by the Registrar.

26. LOANS COMMITTEES.

(1) The Rules of a society may provide for the establishment of a committee, to be known as the Loans Committee, consisting of—

- (a) members of the Board; or
- (b) members of the society elected by the members,

or both.

(1A)³⁵ ³⁶Subject to Subsection (1), the Registrar may appoint members of the Loans Committee, if so requested by a society.

(2) A member of the Supervisory Committee is not eligible to be a member of the Loans Committee.

(3) A Loans Committee shall consist of not less than three members.

27. REMUNERATION.

³⁷(1) Members of the Board, the Supervisory Committee or the Loans Committee may be paid an amount as meeting allowances determined by the annual or special general meeting.

(2) Notice of intention to make a payment referred to in Subsection (1) shall be given to the Registrar who may, by written notice to the society, direct that the payment—

- (a) shall be made; or
- (b) shall not be made; or
- (c) shall be varied in the manner specified in the direction.

(3) A society shall not make a payment in contravention of a direction under Subsection (2).

Penalty: A fine not exceeding K1,000.00.

³⁵ Section 26(1A) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s23.

³⁶ Section 26(1A) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s23.

³⁷ Section 27 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s24.

28. POWERS OF BOARD.

Subject to this Act and the Rules, the Board shall manage and control the business and operations of the society and, in particular, may—

- (a)³⁸ determine the maximum loan that may be made to any member under this Act; and
- (b) approve, defer or reject applications for membership; and
- (c) expel or discipline members in accordance with the Rules; and
- (d)³⁹ subject to Sections 42 and 48, fix interest rates on loans and savings deposits; and
- (e) determine general policy on, and security requirements for, loans under this Act; and
- (f)⁴⁰ subject to Section 48, recommend any interest rate in excess of 7% on savings deposits to the annual general meeting; and
- (g) fill casual vacancies among its own number; and
- (h)⁴¹ appoint, suspend or terminate management of the society; and
- (i)⁴² subject to the approval of the Registrar, determine investment policy; and
- (j)⁴³ perform such other duties as are prescribed by this Act or the Rules.

28A. FUNCTIONS OF BOARD.

⁴⁴Subject to this Act and the Rules, the Board of a society shall formulate, supervise and monitor the operations of the society and in particular shall—

- (a) establish policies, systems, procedures and programmes in connection with the operations of the society; and
- (b) manage savings deposits and loans of members in a proper manner; and
- (c) make investments of the society's funds in a professional manner; and
- (d) submit bi-annual and annual financial statements and reports to the Registrar and to the Central Bank promptly and not later than—
 - (i) in the case of bi-annual accounts and reports—one month;
 - (ii) in the case of annual accounts and reports—two months,

after the end of the period covered by the accounts and reports; and

³⁸ Section 28(a) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s25(a).

³⁹ Section 28(d) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s25(b).

⁴⁰ Section 28(f) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s25(c).

⁴¹ Section 28(h) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s25(d).

⁴² Section 28(i) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s25(d).

⁴³ Section 28(j) inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s25(d).

⁴⁴ Section 28A inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s26.

- (e) make reports to members of the society on their savings deposits and loan balances after the end of each financial year; and
- (f) perform such other functions required by or consistent with this Act and the Rules.

28B. FUNCTIONS OF MANAGEMENT.

⁴⁵Subject to this Act and the Rules, the Management of a society shall properly conduct the day-to-day operations of the society and in particular shall—

- (a) manage the day-to-day affairs of the society; and
- (b) implement the policies and directions of the Board; and
- (c) maintain proper records of all members of the society; and
- (d) provide day-to-day services to members of the society; and
- (e) manage the investments of the society in a proper and professional manner; and
- (f) undertake cash and liquidity management of the society's funds; and
- (g) undertake effective management and recovery programmes on lending operations; and
- (h) assist and supervise staff of the society in accordance with the policies and procedures of the society; and
- (i) manage the organization and staff of the society including appointment, disciplining and termination of staff; and
- (j) provide regular returns to the Board, Supervisory Committee and the Registrar; and
- (k) provide regular reports of savings deposits and loans balances to members of the society; and
- (l) perform such other functions as are consistent with the Act and the Rules.

29. PROCEDURE ON APPLICATIONS FOR LOANS.

(1) Subject to this section, the Board—

- (a) shall deal with applications to the society for loans; and
- (b) subject to this Act and to the Rules, may—
 - (i)⁴⁶ approve or refuse loans for amounts up to an amount fixed by the Registrar; and
 - (ii) fix the rate of interest applicable to each loan.

⁴⁵ Section 28B inserted by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s27.

⁴⁶ Section 29(1)(b)(i) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s28(a).

(2) The Board shall not consider an application for a loan unless a majority of the Board is present, and a loan shall not be approved otherwise than by the unanimous decision of the members present.

(3) The Board shall—

(a)⁴⁷ not approve loans in excess of an amount fixed by the Registrar; and

(b) subject to this Act determine—

(i) the security and guarantors required for each loan; and

(ii) the conditions of repayment of each loan.

(4)^{48 49}The Board may delegate to the Loans Committee and management its powers and functions under this section and Section 42(2), to be exercised and performed by the Committee and management subject to the Rules and to any policy laid down by the Board, and this section applies to the Loans Committee and management as it does to the Board.

30. FUNCTIONS OF SUPERVISORY COMMITTEES.

⁵⁰(1) The Supervisory Committee of a society is responsible for the general supervision of the operations of the society with a view to protecting the interests of the members and, in particular—

(a) shall—

(i) conduct an examination of the society's affairs and audit its books at least quarterly; and

(ii) conduct or provide for an annual audit and submit a report on the audit to the annual general meeting; and

(b) may—

(i) call a special meeting of the society to consider any matters arising out of the examination or audit that it thinks should be placed before the members; and

(ii) if, in its opinion, it is necessary to do so in the interests of the society—discipline, suspend or dismiss any officer, Director, management or member of the Loans Committee of the society and report to the annual general meeting or special general meeting of the members, giving reasons for such disciplinary action, suspension or dismissal; and

(iii) fill casual vacancies among its own members; and

⁴⁷ Section 29(3)(a) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s28(b).

⁴⁸ Section 29(4) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s28(c).

⁴⁹ Section 29(4) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s28(c).

⁵⁰ Section 30 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s29.

- (iv) review for reasonableness, the decisions and the management of the affairs of a society by the Board and management of the society; and
- (c) shall refer any dispute over a discipline, suspension or dismissal under Paragraph (b)(ii) to be dealt with under Section 60.

(2) For the purposes of Subsection (1), the Supervisory Committee may inspect the books and records of the society and question any member, Director, officer or management of the society whom it has reason to believe can give information relating to the affairs or management of the society.

(3) The Supervisory Committee of a society shall not be involved in the management and control of the business and operations of the society referred to under Section 28A or exercise powers under Sections 15 and 28.

(4) The Supervisory Committee of a society shall be entitled to receive any information from the Board or management of the society to perform its functions.

(5) Where, for any reason, the Registrar is of the opinion that a Supervisory Committee is following improper practices, he may—

- (a) suspend or dismiss a member or members of the Supervisory Committee; and
- (b) appoint a new member or members in their stead in accordance with Section 3A.

31. VOTES OF MEMBERS.

(1) A question arising at a meeting of a society, or of the Board, the Loans Committee or the Supervisory Committee of a society, shall, except where otherwise provided by this Act or the Rules, be determined by a majority of members of the society, Board or Committee, as the case may be, personally present at the meeting.

(2) Subject to the Rules and to Subsection (3), a member of a society, or of the Board, the Loans Committee or the Supervisory Committee of a society, attending a meeting of the society, Board or Committee, as the case may be, has one vote, and a member may not vote by proxy.

(3) The member presiding at a meeting of a society, or of the Board, the Loans Committee or the Supervisory Committee of a society, has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.

32. MINUTES.

(1) Minutes of meetings of a society, and of the Board, the Loans Committee and the Supervisory Committee of a society, shall be kept as prescribed.

(2)⁵¹ ⁵²The Registrar may require copies of minutes referred to in Subsection (1) to be made available to him.

⁵¹ Section 32(2) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s30.

33. FINES.

A society may, in the manner prescribed by the Rules, impose a fine, not exceeding such amount as is fixed by the Registrar in the standard rules, for an infringement of the Rules.

*Division 4.**Conversion of Co-operative Companies.***34. REGISTRATION OF CO-OPERATIVE COMPANIES AS SOCIETIES.**

(1) A co-operative company may, as prescribed, apply to the Registrar for registration as a society under this Act.

(2) Notice of an application under this section shall be given by the company to the Registrar of Companies.

(3) Where application is made to the Registrar under this section and the Registrar is of the opinion that the company is suitable for registration and may conveniently be registered under this Act, he may give such directions as he thinks necessary for the reconstitution of the company and for enabling its registration under this Act.

(4) No act, matter or thing done or performed by a co-operative company or a member of such a company in or towards compliance with any directions of the Registrar under this section is a ground for any action or proceeding under the *Companies Act 1997*.

(5) Where a company—

(a) withdraws its application under this section; or

(b) does not comply with the directions of the Registrar within such time as the Registrar thinks reasonable,

the Registrar may, by written notice to the applicant and to the Registrar of Companies, cancel the application, and thereupon the provisions of Subsection (4) do not apply to or in relation to the company or its members except as to acts, matters or things done or performed before the date of the notice but after the date of the application.

(6) On compliance with the directions of the Registrar under this section, the Registrar may register a co-operative company as a society under this Act.

(7) Notice of the registration of a society under this section shall be given to the Registrar of Companies.

(8) On registration by virtue of this section of a co-operative company as a society under this Act, the registration of the company under the *Companies Act 1997* is cancelled without the necessity for winding-up under that Act.

⁵² Section 32(2) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s30.

(9) A right of any kind that was enforceable by or against a co-operative company immediately before its registration under this Act by virtue of this section is, on that registration, enforceable by or against the society as registered under this Act.

(10) All the estate, right, title and interest, legal or equitable, in and to any property vested in a co-operative company immediately before its registration under this Act by virtue of this section is, on that registration, and without the necessity of any formal deed of assurance, divested from the company and vested in the society as registered under this Act.

(11) Where any property vested in a society under this section is land registered under the *Land Registration Act 1981*, the Registrar of Titles shall, without formal transfer and without fee, on application by the society, enter or register the society in the appropriate Register and on the grant, certificate of title, lease or other instrument evidencing title to the land as the owner of the land within the meaning of that Act.

PART IV. – ASSOCIATIONS.

35. REGISTRATION OF ASSOCIATIONS.

(1) Subject to this Part, any two or more societies desiring to federate with the objects of—

- (a) assisting in the development of societies generally or in a particular area; and
- (b) conducting activities on behalf of the members of all or some of them that may contribute to their common benefit; and
- (c) promoting interest and co-operation between other societies and similar organizations, whether within or outside the country; and
- (d) furthering the common interests of their members for the benefit of them or their members,

or with any of those objects, may, in the prescribed manner, apply for registration as an association of societies.

(2) If the Registrar is satisfied that—

- (a) the rules of the proposed association comply with this Act; and
- (b) there is no objection to the formation of the association,

he may register the association and issue a certificate in the prescribed form that the association is incorporated under this Act.

(3) Section 13(1) and (2) apply to and in relation to an association.

(4) An association shall not be or become a member of another association, other than the Federation, without the consent of the Registrar.

36. BOUNDARIES, ETC., OF ASSOCIATIONS.

Where an association, or electorates or divisions of an association, is or are defined, or is or are proposed to be defined, by or by reference to geographical boundaries, any resolution or other act proposing, fixing or altering any such boundary is of no effect until confirmed by the Registrar.

37. NAMES OF ASSOCIATIONS.

(1) Sections 11(2) and (3), 12 and 13(3) apply to and in relation to an association.

(2) The Registrar may, by notice in the National Gazette, authorize one association to take the title of the Federation of Savings and Loan Societies Limited and may, by notice in the National Gazette, revoke the authorization.

(3) An association other than the Federation shall, unless the Registrar otherwise approves, be known as a League of Savings and Loan Societies.

38. RULES OF ASSOCIATIONS.

(1) The Rules of the Federation shall be as approved by the Registrar.

(2) Section 16, with the necessary modifications, applies to and in relation to the Rules of an association.

39. LIABILITY OF MEMBERS OF ASSOCIATIONS.

Subject to the Rules of the association, the liability of a member of an association is limited to any amount due to the association for any contribution or levy payable to the association in accordance with the Rules.

40. POWERS OF ASSOCIATIONS.

(1) Subject to this Act, Section 15 applies to and in relation to an association.

(2) In addition to the powers conferred on it by this Act, the Federation has power, with the approval of the Registrar, to conduct a scheme for the protection of the funds of its constituent societies.

41. EMPLOYEES.

In addition to its other powers and functions under this Act, an association may, with the approval of the Registrar and subject to such conditions as are prescribed or as are imposed in the Rules, employ such persons as it thinks necessary for the performance of its functions.

PART V. – MANAGEMENT AND FINANCE.

42. LOANS.

⁵³(1) Loans to members may be made by a society in accordance with this section and subject to directions and guidelines issued from time to time by the Registrar.

(2) A loan may be made by a society (other than an association) only to a member of the society, and in the manner prescribed in the Rules, to assist the member for purposes as specified in the Rules and subject to any directions of the Governor and for any other purpose approved by the Registrar.

(3) Subject to this Act, a loan under this Act shall be made on such conditions as the Board of the society making the loan determines in any particular case.

(4) A member of the Board, the Loans Committee or the Supervisory Committee of a Society shall not be granted a loan of an amount exceeding, or that would when aggregated with any other amounts then owing by the member to the society exceed, the value of his savings deposits, except on separate resolutions by the Board, the Loans Committee and the Supervisory Committee, made at meetings at which the member is not present.

(5) The interest rate on a loan made by a society shall not exceed 1% per month on the unpaid balance of the loan.

(6) A society may charge any interest in excess of 1% per month on the unpaid balance of a loan, subject to the approval of the Registrar.

(7) Notwithstanding Subsections (5) and (6), a society may in any case charge a minimum amount of interest of K2.00 per month.

(8) Interest may be calculated to the nearest whole month during which a portion of the loan remains unpaid.

(9) Any interest charged on the loan under Subsections (5) or (6), not repaid for six months after the last date of repayment, cease to accumulate any additional interest in the member's loan account but shall continue to be charged to the interest suspense account.

(10) A society may charge a levy or fee for the administration of a loan account, subject to the approval of the Registrar.

(11) A borrower may repay his loan in whole or in part on any day on which the office of the society is open for business.

(12) All money due to a society by a member is a debt due from him to the society.

(13) Subject to Subsection (14), all monies due to a society by a member, not being repaid for 18 months after the last date of repayment, shall be provided as a bad debt of the member.

⁵³ Section 42 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s31.

(14) The society shall continue to recover from a member moneys referred to in Subsection (13).

43. LOANS BY ASSOCIATIONS.

(1) Subject to Subsection (2), a loan under this Act may be made by an association—

- (a) in the case of a League—to a member of the League; or
- (b) in the case of the Federation—
 - (i) to an association; or
 - (ii) to a member of an association; or
 - (iii) to a society,

that is a member of the Federation.

(2) A loan referred to in Subsection (1) may be made only subject to and in the manner prescribed by the Rules and—

- (a) for the furtherance of the objects of the lending association; or
- (b) on such conditions as are approved by the Registrar, for the furtherance of the objects of the member to which the loan is or is to be made.

44. LIMITATION ON LOANS.

Notwithstanding this Act, the Registrar may, by written notice to a society (other than an association), limit the total amount that may be outstanding at any time by way of loan to a member of the society.

45. BORROWING.

⁵⁴(1) With the approval of the Registrar, a society may raise money, by way of mortgage of its assets or otherwise, up to an amount not exceeding, or that would when aggregated with any other amount borrowed by the society and then outstanding not exceed 25% of the sum, at the time of borrowing, of money deposited with it under Section 46.

(2) This section does not apply to or in relation to a loan raised by an association, and an association may raise loans under Section 15(c) only with the approval of the Registrar and subject to such conditions as he determines.

(3) The Registrar may from time to time issue directions and guidelines on borrowing by a society, and any borrowing by a society shall be in accordance with such directions and guidelines.

⁵⁴ Section 45 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s32.

46. DEPOSITS.

(1) A society may accept money on deposit from its members.

(2) Subject to the approval of the Registrar, the conditions under which deposits may be accepted and repaid and the rates of interest that may be paid on deposits shall be determined by the Board.

47. GENERAL RESERVE FUND.

(1)⁵⁵ ⁵⁶A society shall maintain a General Reserve Fund into which shall be paid such income of the society, other than contributions for savings deposits, repayments of and interest on loans and income from investments, as is specified in the Rules for the purpose.

(2)⁵⁷ ⁵⁸Subject to Subsection (3), a society shall, at the end of each financial year and before declaring additional interest, set aside for payment into the General Reserve Fund at least 20% of the net earnings of the society for that year.

(3) A society shall not be required to set aside or pay into the General Reserve Fund under this section a sum that, when aggregated with the amount standing to the credit of the Fund, would exceed 10% of the total liabilities (actual and contingent) of the society.

(4) Money standing to the credit of the General Reserve Fund may be invested—

- (a) in any securities of, or guaranteed by, the State; or
- (b) in any manner in which a trustee may by law invest trust money in his hands; or
- (c)⁵⁹ on deposit with a bank or licensed financial institution; or
- (d) in any other prescribed manner.

(5) Any income earned by the investment of money under Subsection (4) shall be paid into the general revenue of the society.

(6) The General Reserve Fund of a society—

- (a) shall be held as a reserve against bad loans or losses other than operating deficits; and
- (b) shall not be used for any other purpose except on the winding-up of the society.

(7) This section does not, unless otherwise provided in the Rules, apply to or in relation to an association.

⁵⁵ Section 47(1) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s33(a).

⁵⁶ Section 47(1) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s33(a).

⁵⁷ Section 47(2) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s33(b).

⁵⁸ Section 47(2) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s33(b).

⁵⁹ Section 47(4)(c) repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s33(c).

48. INTEREST.

⁶⁰(1) Subject to this Act and the Rules, a society may pay interest on a member's savings deposits.

(2) Except with the approval of the Registrar, interest in excess of 7% per annum shall not be paid under this section.

49. BOOKS OF ACCOUNT.

A society shall keep such books and accounts in the form prescribed or as the Registrar directs.

50. ANNUAL STATEMENTS.

(1) Not later than two months after the end of each financial year, each society shall send to the Registrar an audited statement of the receipts and expenditure, assets and liabilities of the society and such other information as is required by the Registrar.

(2)⁶¹ ⁶²In addition to information required under Subsection (1), a society shall submit to the Registrar its bi-annual accounts, no later than one month after the expiry of the period to which those accounts relate, and such other accounts and information as required by the Registrar.

⁶⁰ Section 48 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s34.

⁶¹ Section 50(2) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s35.

⁶² Section 50(2) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s35.

PART VI. – WINDING-UP.

51. ORDER FOR WINDING-UP.

(1) Subject to this Act, the Registrar may, by notice in the National Gazette, order the winding-up of a society, where—

- (a) at least two-thirds of the members request, in the prescribed manner, that the society be wound up; or
- (b) except in the case of an association—the number of members is reduced below 20 and the Registrar is of opinion that the society is unable to operate efficiently; or
- (c) the society has not commenced business within six months from the date of its registration under this Act, or has suspended business for a period of more than six months; or
- (d) the period (if any) fixed for the duration of the society has expired; or
- (e) an event has occurred on the occurrence of which the regulations or the Rules provide that the society shall be wound up; or
- (f) the registration of the society has been obtained by mistake or fraud; or
- (g) the society exists for an illegal purpose; or
- (h) the society has wilfully, and after notice from the Registrar, contravened or failed to comply with this Act or the Rules; or
- (i) the society is unable to pay its debts; or
- (j) a creditor of the society referred to in Subsection (2) requests, in the prescribed manner, that the society be wound up; or
- (k) in the case of an association—the Registrar is of opinion that the association is unable to operate efficiently; or
- (l) in the opinion of the Registrar, it is in the best interests of the members that the society should be wound up; or
- (m)⁶³ accumulated losses of a society have eroded members' savings deposits; or
- (n)⁶⁴ irregularities disclosed by the inspection and audit are serious in nature and remedial actions taken do not achieve normality of operations of a society.

(2) A society shall be deemed to be unable to pay its debts where—

- (a)⁶⁵ a creditor to whom the society is indebted in an amount exceeding K100.00 then due has served on the society a demand under his hand

⁶³ Section 51(1)(m) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s36(a).

⁶⁴ Section 51(1)(n) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s36(a).

⁶⁵ Section 51(2)(a) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s36(b).

requiring the society to pay the sum so due and the society has, for the period of four weeks after the service of the demand, failed or neglected—

- (i) to pay the amount; or
- (ii) to secure or compound for the amount to the reasonable satisfaction of the creditor; or
- (b) execution issued on a judgement of a court in favour of a creditor of the society is returned unsatisfied in whole or in part; or
- (c) it is shown to the satisfaction of the Registrar that the society is unable to pay its debts.

52. LIQUIDATOR.

(1) In the notice ordering the winding-up of a society or in a subsequent notice, the Registrar may appoint a competent person to be the liquidator of the society.

(2) A liquidator appointed under Subsection (1)—

- (a) has such powers, functions and duties; and
- (b) shall give such security; and
- (c) shall be paid such fees,

as are prescribed.

(3)⁶⁶ ⁶⁷The Registrar may require a liquidator to furnish to him progressive reports on the winding-up of the society.

(4)⁶⁸ ⁶⁹Where the Registrar is unable to appoint a liquidator under Subsection (1), he may proceed with the winding-up of the society under Section 53.

53. COMMENCEMENT OF WINDING-UP.

(1) For the purposes of this Act, the winding-up of a society commences on the date of publication in the National Gazette of the order by the Registrar for the winding-up.

(2)⁷⁰ ⁷¹The Registrar may determine the period of winding-up of a society, but such period shall not exceed three years.

54. LIABILITY OF PAST AND PRESENT MEMBERS ON WINDING-UP.

(1) Where a society is being wound up under this Act, every past and present member is, subject to this section, liable to contribute to the assets of the society an amount sufficient for payment of—

⁶⁶ Section 52(3) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s37.

⁶⁷ Section 52(3) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s37.

⁶⁸ Section 52(4) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s37.

⁶⁹ Section 52(4) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s37.

⁷⁰ Section 53(2) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s38.

⁷¹ Section 53(2) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s38.

- (a) the debts and liabilities of the society; and
- (b) the costs, charges and expenses of the winding-up; and
- (c) any sums required for the adjustment of the rights of the contributories among themselves.

(2) A past member is not liable to contribute to the assets of the society if he had ceased to be a member for one year or more before the commencement of the winding-up.

(3) A past member is not liable to contribute to the assets of the society in respect of any of its debts or liabilities that were contracted after he ceased to be a member.

(4) A past member is not liable to contribute to the assets of the society unless it appears to the liquidator that the existing members are unable to make the contributions required to be made by them in order to satisfy all just demands on the society.

(5)⁷² [*Repealed.*]

(6)⁷³ ⁷⁴A sum due to a member as such, by way of interest, profits or otherwise, shall not be deemed to be a debt of the society payable to the member in the case of competition between him and any other creditor who is not a member, but any such sum may be taken into account for the purpose of the final adjustment of the rights of contributories among themselves.

(7) This section does not affect any right of the liquidator or the society to the recovery of any debt due to the society by any person.

55. ASSOCIATION TAKING OVER LIABILITIES, ETC., OF SOCIETY IN LIQUIDATION.

With the approval of the Registrar, and subject to such conditions as he imposes, an association may accept the transfer by the liquidator of a society of all or any of the assets and liabilities of the society.

56. RETURN BY LIQUIDATOR.

The liquidator of a society must, within one month after the affairs of the society have been fully wound up, send to the Registrar an account and balance-sheet—

- (a) signed and certified by the liquidator as correct; and
- (b) showing—
 - (i) the assets and liabilities of the society at the commencement of the winding-up; and

⁷² Section 54(5) repealed by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s39(a).

⁷³ Section 54(6) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s39(b).

⁷⁴ Section 54(6) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s39(b).

- (ii) the mode in which the assets and liabilities have been applied and discharged.

Penalty: ⁷⁵A fine not exceeding K1,000.00, and in addition a fine not exceeding K20.00 for every day during which the offence continues.

57. DISSOLUTION.

A society is not dissolved until—

- (a)⁷⁶ a certificate, signed by the Registrar, that all property vested in the society has been duly transferred by the society to the persons entitled to it; and

- (b) the statement and balance sheet referred to in Section 56,

have been received by the Registrar.

58. CANCELLATION OF REGISTRATION.

As soon as practicable after the dissolution of a society, the Registrar shall—

- (a) register the dissolution; and
- (b) cancel the registration of the society; and
- (c) cause to be published in the National Gazette notice of the dissolution and of the cancellation of the registration of the society.

⁷⁵ Section 56: Penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s40.

⁷⁶ Section 57(a) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s41.

PART VII. – MISCELLANEOUS.**59. INSPECTION OF DOCUMENTS.**

(1) A person may, on payment of the prescribed fee—

- (a) inspect at the office of the Registrar the certificate of registration and the Rules of a society; and
- (b) obtain from the Registrar a certified copy of the certificate of registration of a society and a certified copy of its Rules; and
- (c)⁷⁷ with the permission of the Registrar, inspect at his office and obtain from him a certified copy of, or extract from, the register of Directors, members or savings deposits of a society and the last statement of receipts and expenditure, assets and liabilities, together with the report on the annual audit referred to in Section 30(1), of a society.

(2) At all reasonable times and without fee, a member or creditor of a society may, at the office of the society, inspect and take extracts from—

- (a) copies of this Act, the regulations and the standard rules; and
- (b) a copy of the Rules; and
- (c) a copy of the last statement of receipts and expenditure, assets and liabilities, together with the report on the annual audit referred to in Section 30(1); and
- (d)⁷⁸ the register of Directors, members or savings deposits; and
- (e) the register of loans raised and securities given by the society.

60. DISPUTES.

Where a dispute concerning the business of a society arises—

- (a) among members, past members and persons claiming through members, past members or deceased members; or
- (b) between a member, past member or person claiming through a member, past member or deceased member and the society, the Board or an officer of the society; or
- (c)⁷⁹ between the society or the Board and an officer, Director, management or staff of the society; or
- (d) between the society and any other society; or
- (e)⁸⁰ between the Supervisory Committee of the society and the member, officer, Director, management or member of the Loans Committee of the society,

⁷⁷ Section 59(1)(c) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s42(a).

⁷⁸ Section 59(2)(d) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s42(b).

⁷⁹ Section 60(c) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s43(a).

it shall be referred to the Registrar for decision.

61. JUDICIAL NOTICE.

All courts, Judges and persons acting judicially shall take judicial notice of the seal of the Registrar or the seal of a society affixed to a document, and shall presume that it was duly affixed.

62. APPEALS.

(1) A person aggrieved by a decision of the Registrar or of a liquidator may, within 30 days after the decision or within such further time as the National Court in any particular case allows, appeal as prescribed to the National Court, whose decision is final.

(2) On an appeal under Subsection (1), the National Court may make such order, including an order as to the costs of the appeal, as it thinks proper.

63. UNAUTHORIZED SAVINGS AND LOAN SOCIETIES.

(1) A person who—

- (a) forms or takes part in the formation of; or
- (b) manages or takes part in the management of; or
- (c) carries on the business of,

a savings and loan society otherwise than in accordance with this Act is guilty of an offence.

Penalty: ⁸¹A fine not exceeding K10,000.00

Default penalty: ⁸²A fine not exceeding K50.00.

(2) In Subsection (1), “**savings and loan society**” means any association, organization or body (corporate or unincorporate) the objects or some of the objects of which are—

- (a) the raising of a fund by subscriptions of its members; and
- (b) the making of loans or the granting of credit out of the fund to its members.

(3) Subsection (1) does not apply to or in relation to—

- (a) a corporation within the meaning of the *Companies Act 1997*; or
- (b)⁸³ the Rural Development Bank of Papua New Guinea or a bank within the meaning of the *Banks and Financial Institutions Act 2000*.

⁸⁰ Section 60(e) added by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s43(b).

⁸¹ Section 63(1): Penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s44(a).

⁸² Section 63(1): Default penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s44(a).

64. PROHIBITION ON USE OF TITLE.

A person other than a society who trades or carries on business under any name or title of which the words “Savings and Loan” or “Credit Union”, or any other words importing a similar meaning, form part is guilty of an offence.

Penalty: ⁸⁴A fine not exceeding K10,000.00.

Default penalty: A fine not exceeding K100.00.

65. DEFAULT BY SOCIETY.

(1) A society that fails—

- (a) to keep any register, account or document, or to make any entry in a register, account or document, in accordance with the requirements of this Act; or
- (b) to have at its office and open for inspection copies of—
 - (i) this Act, the regulations and the standard rules; and
 - (ii) the Rules; and
 - (iii) the last statement of receipts and expenditure, assets and liabilities, together with the report on the annual audit referred to in Section 30(1); and
 - (iv) any register,

as required by this Act; or

(c) to transmit to the Registrar any notice or return as required by this Act, is guilty of an offence.

(2) A society that uses a name other than the name by which it is registered under this Act is guilty of an offence.

Penalty: ⁸⁵A fine not exceeding K10,000.00.

Default penalty: A fine not exceeding K100.00.

66. OBSTRUCTION, ETC.

A person who—

- (a) hinders or obstructs a person in the exercise of his powers or the performance of his functions under this Act; or
- (b) refuses or fails, without reasonable excuse (proof of which is on him), to comply with a notice, order, direction or requirement given or made under this Act; or

⁸³ Section 63(3)(b) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s44(b).

⁸⁴ Section 64: Penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s45.

⁸⁵ Section 65(2): Penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s46.

- (c) refuses or fails, without reasonable excuse, to answer questions asked of him under this Act,

is guilty of an offence.

Penalty: ⁸⁶A fine not exceeding K1,000.00.

Default penalty: A fine not exceeding K50.00.

67. LIABILITY OF DIRECTORS, ETC.

⁸⁷Where a society contravenes or fails to comply with a provision of this Act, each of the Directors and officers of the society shall be deemed to have contravened or failed to comply with the provision, and where contravening or failing to comply with a provision constitutes an offence against this Act, are guilty of that offence.

Penalty: A fine not exceeding K1,000.00.

Default penalty: A fine not exceeding K50.00..

68. REGULATIONS.

The Head of State, acting on advice, may make regulations, not inconsistent with this Act, prescribing all matters that by this Act are required or permitted to be prescribed, or that are necessary or convenient to be prescribed for carrying out or giving effect to this Act, and in particular for prescribing—

- (a) the powers and duties of the Registrar; and
- (b) the notices to be given, returns and reports to be made and records to be kept under this Act, and the form of such notices, returns, reports and records; and
- (c) the fees (if any) to be paid in connection with a matter arising under this Act; and
- (d) the manner of doing any act or thing required by this Act to be done; and
- (e)⁸⁸ penalties of fines not exceeding K1,000.00 for offences against the regulations, and in addition in the case of continuing offences a fine not exceeding K50.00 for every day during which the offence continues.

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⁸⁶ Section 66: Penalty clause amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s47.

⁸⁷ Section 67 repealed and replaced by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s48.

⁸⁸ Section 68(e) amended by *Savings and Loans Societies (Amendment) Act 1995* (No. 24 of 1995), s49.