



What you should know about the new Act

1. What coops **will no longer need to do**...all the benefits associated with the reduction of red tape
 - No more obligation to have a corporate seal nor to get the approval of a corporate seal by government authority
 - No more obligation to get the approval of by-laws by government authority
 - No more obligation to get the approval of mortgages by government authority
 - No more obligation to get the approval of auditors by government authority
 - No more obligation to get the approval of a liquidator by government authority
 - No more obligation to get approval by government authority of a corporation in which a cooperative intends to invest or provide financial assistance and whose purpose is providing investment capital
 - No more obligation to get approval by government authority to repurchase shares to reduce share capital in a cooperative
 - No more obligation to get approval by government authority of reimbursement below par value of shares to a withdrawing member
 - No more obligation to get approval by government authority of transfer of legal reserve to retained earnings – see new equity requirements under the new *Cooperatives Act* regulations
 - No more obligation to get approval for extraordinary resolutions by government authority – see below for requirements under the new *Cooperatives Act*

2. What coops **will be able to do**...all the benefits of the new provisions
 - Issue membership shares with or without par value, as provided in their articles (*Cooperatives Act*, s. 34(1))
 - Issue investment shares with or without par value to members and non-members, as provided in the articles (*Cooperatives Act*, s. 33(1) & 34(2)). Contact the Securities Division for more information on requirements under the *Securities Act*
 - Have members (and investment shareholders, if any) participate at meetings and vote through electronic means (*RULE COOP-001 General*, s. 44 & 50)



- Have directors participate at meetings and vote through electronic means (RULE COOP-001 *General*, s. 62)
 - Provide electronic notices (RULE COOP-001 *General*, s. 96)
 - Authorize voting by mail ballot on any matter, subject to the by-laws of a cooperative (RULE COOP-001 *General*, s. 49)
 - Create classes of members, subject to the by-laws (*Cooperatives Act*, s. 29)
 - Proceed with the business of a meeting if a quorum is present at the opening of the meeting (RULE COOP-001 *General*, s. 34)
 - Allow members (and investment shareholders, if any) to waive notice of meetings (RULE COOP-001 *General*, s. 23)
 - Allow directors to waive notice of meetings of the board of directors (RULE COOP-001 *General*, s. 60)
 - Allow members (and investment shareholders, if any) to adopt a resolution in writing (RULE COOP-001 *General*, s. 51 & 53)
 - Allow directors to adopt a resolution in writing (RULE COOP-001 *General*, s. 64)
 - Allow members to request a special meeting (RULE COOP-001 *General*, s. 25 to 28)
 - Allow non-members to be directors, up to one third of the board of directors, if provided in the by-laws (*Cooperatives Act*, s. 63)
 - Provide for a required fixed number of directors, or, a range in the required number of directors expressed in a minimum and maximum number of directors (*Cooperatives Act*, s. 62)
 - Put limits on the borrowing powers of the board of directors as voted by the members (*Cooperatives Act*, s. 13(3))
 - Allow members to vote on dividends and patronage returns, if provided in the by-laws (*Cooperatives Act*, s. 43 & 45(3))
3. What coops **will need to do** under the new act...obligations under the new *Act*
- File with the Director of cooperatives articles of amendment within 18 months of the new *Act* coming into force. The articles of amendment must be approved by extraordinary resolution of the members. (*Cooperatives Act*, 2019, s. 176)



- Adopt new by-laws within 18 months of the new Act coming into force. The by-laws must be approved by extraordinary resolution of the members. (*Cooperatives Act*, 2019, s. 178)
- Provide the Director of cooperatives with an annual return and the cooperative's financial statements within 30 days of the cooperative's annual meeting of members, accompanied by the \$60 fee. (*Cooperatives Act*, s. 81; RULE COOP-002 *Fees*, s. 2)
- Set aside at least 25% of the year's surplus of the cooperative to equity until equity of the cooperative is at least 30% of its assets. (RULE COOP-001 *General*, s. 14)
- Allow a repurchase or redemption of membership shares, a redemption of investment shares and a repayment of membership loans only if there are no reasonable grounds to believe that the equity of a cooperative is or would fall below the level it was at the beginning of the latest fiscal year for which the cooperative is required to prepare financial statements. This restriction does not apply to payments of membership shares and membership loans on withdrawal or termination of membership. (RULE COOP-001 *General*, s. 16)
- Include proposals of members and others in the notice to the annual meeting of members. (*Cooperatives Act*, s. 58)
- File with the Director of cooperatives articles of incorporation in case of a new cooperative, accompanied by the \$300 fee. (*Cooperatives Act*, p. 7(3)(a); RULE COOP-002 *Fees*, s. 2)
- Have members approve at their first meeting the by-laws adopted by the first directors. (RULE COOP-001 *General*, s. 18)
- File with the Director of cooperatives the notice of change of directors and notice of change of registered office within fifteen days of change. (*Cooperatives Act*, s. 11(2) & s. 70)
- File with the Director of cooperatives articles of amendment in case of a name change or any other amendments to the articles of the cooperatives after the 18-month period of the new Act coming into force. The articles of amendment must be approved by extraordinary resolution of the members (and investment shareholders, if any). (*Cooperatives Act*, s. 91(4) & (8))
- File with the Director of cooperatives articles of amalgamation in case of amalgamation. The amalgamation agreement must be approved by extraordinary resolution of the members (and investment shareholders, if any). (*Cooperatives Act*, s. 90(5) & (8))
- Send to the Director of cooperatives a statement of intent to dissolve in case the cooperative intends to distribute its property and discharge its liabilities, or the cooperative intends to proceed with its voluntary liquidation. In each case, the members (and investment shareholders, if any) must adopt an extraordinary resolution. The Director of cooperatives must issue of certificate of intent to dissolve before each case can proceed. (*Cooperatives Act*, s. 95(3), (5), (6) & (7); s. 97(5), (7) & (8))



- File with the Director of cooperatives articles of dissolution in case the cooperative has no property or liabilities, or the cooperative has distributed its property and discharged its liabilities, or the cooperative has completed its voluntary liquidation. (*Cooperatives Act*, s. 96, s. 97 (18))
- Send a statement of intent for the extraordinary disposal of substantially or all the property of the cooperative (sale, lease or exchange). The extraordinary disposal would proceed if approved by the members (and investment shareholders, if any) and the Director has no objection. (*Cooperatives Act*, s. 93(7), (8) & (9))
- Follow the Rule for classes of cooperatives that are required to have either an audit, a review or a compilation of their financial statements by a chartered professional accountant. If the cooperative is permitted by regulation not to have an audit, the members must adopt an extraordinary resolution to decide not to have an audit. If the cooperative is permitted by regulation not to have an auditor, the members must adopt an extraordinary resolution to decide not to have an auditor. (RULE COOP-001 *General*, s. 78, 79, 84 & 85)
- Send notice form to the Director of cooperatives in case of the members vote to remove an auditor or vote not appoint an auditor as per regulations, or in case of a vacancy in the office of the auditor. (*Cooperatives Act*, s. 88)
- Provide for a comprehensive dispute resolution process in the cooperative's by-laws or otherwise follow the process provided in the regulations. (RULE COOP-001 *General*, s. 97)