

BY LAWS
OF
USHURU SAVINGS AND CREDIT
CO-OPERATIVE SOCIETY LIMITED



CS/ NO 1926

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1. NAME AND AREA OF OPERATION

This Society shall be called **USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**: hereinafter referred to in these by-laws, as “The Society” and its area of operation shall be throughout the Republic of Kenya.

2. REGISTERED OFFICE

- a) The registered office of the Society shall be at **USHURU SACCO CENTRE, WOOD AVENUE-KILIMANI** and its postal address shall be **P. O. BOX 52072- 00200, City Square, NAIROBI**.
- b) Notice of any change of postal address shall be given to the Commissioner for Co-operative Development, herein after referred to as ‘The Commissioner’ and to all members of the Sacco through their last known address as per records held at the Sacco within 30 days of such change.

3. DEFINITIONS/ INTERPRETATION

- a) In these by-laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the Co-operative Societies Act Cap 490 Laws of Kenya and the Rules made there under herein after referred to as the “Co-operative Act” and “Rules” respectively.
- b) In these by-laws where the masculine gender is referred to, it will be construed to include the feminine gender.
- c) In these by-laws save as otherwise expressly stated:
 - i) “**Audit Committee**”- shall mean Committee of the Board established as per the Regulations.
 - ii) “**A nominee**” means a person appointed by the member to inherit the shares, deposits and other interests in the Society upon the death of that member.
 - iii) “**Applicable Law**” shall mean any other relevant law other than the Co-operative Societies Act cap 490, Rules, and these by-laws.
 - iv) “**Board of Directors**” shall refer to the persons elected in a duly convened Delegates Meeting to govern the Business of the Sacco as per these by-laws hereinafter referred to as the “Board” and may include the Supervisory Committee.
 - v) “**Regional Meeting**” means meeting of members of that particular Region.
 - vi) **Region**: means a cluster of election stations represented by delegates, these are: Mombasa, Kisumu, Eldoret, Nairobi and any other cluster as may be decided in future
 - vii) **Team Leader**: Means one chosen by fellow delegates in the region to coordinate activities of that region as may be delegated by the Board
 - viii) “**Commissioner**” shall mean “the Commissioner for Co-operative Development as provided for in the Co-operative Act.”

- ix) *“Dividend”* shall mean members share of the surplus of the Sacco which is divided amongst its members based on shareholding.
- x) *“Deposit”* means a sum of money received or paid on terms under which it shall be repaid with or without interest or premium and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it.
- xi) *“Delegate”* - means a member who is elected by other members to represent them in meetings convened by the Society in accordance with the Society By-laws
- xii) *“Delegates meeting”* shall be read as “Delegates Meeting” and Annual Delegates Meeting shall read as “Annual Delegate Meetings”.
- xiii) *“Delegates Meeting”* shall be a meeting (either “annual” or “special”) for all delegates duly convened by the Sacco to conduct its business.
- xiv) *“KRA”* means the Kenya Revenue Authority.
“KLB” means the Kenya Literature Bureau.
“NHIF” means the National Hospital Insurance Fund.
“NHC” means the National Housing Corporation.
- xv) *“Member”* includes a person or a Co-operative Society joining in the application for the registration of a Sacco, and a person or Co-operative Society admitted to membership after registration in accordance with the by-laws.
- xvi) *“Members in good standing”* unless specifically stated in this By-Law or any other policy of the Sacco, it means a member who is current on the repayments of his loan payments due to the Society and who is current on making his required contributions and has not in any way acted in a manner, which is potentially damaging to the Society and has fully complied with the policies set by this Society.
- xvii) *“Returning officer”* is a person appointed to oversee or conduct the elections of the Society at a Delegates Meeting.
- xviii) *“SACCO”* means a Savings and Credit Co-operative Society registered under the Co-operative Act and shall imply Ushuru Co-operative Savings and Credit Society Limited unless otherwise stated.
- xix) *“Share Capital”* shall mean members’ equity in the form of issued and fully paid up shares of common stock.
- xx) *“Tribunal”* shall mean the Co-operative Tribunal established under the Co-operative Act to hear and determine disputes.

Any questions concerning interpretation of these by-laws or any matters not provided for therein, errors and omissions shall be referred to the Commissioner as is applicable.

4. OBJECTS

- a) The objects of the Society are to promote the interest and welfare of members in accordance with the Co-operative principles and values.
- b) In particular, the Sacco shall undertake:

- i) To promote thrift among its members by affording them an opportunity for accumulating their savings and deposits and providing them with credit exclusively for provident and productive purposes, at fair and reasonable rate of interest; thereby enabling them to use and control their money for their mutual benefit.
 - ii) To ensure personal growth through the introduction of new products and services that will promote the economic base of the members.
 - iii) To ensure progress of members and Sacco through continuous education programs on savings and proper use of credit, reduction of poverty, human dignity and co-operation.
 - iv) To apply the Co-operative principle of co-operation among Co-operatives in order to promote members' interests. In furtherance to its objects, the Society may affiliate to the relevant National Co-operative Union and the Apex Society.
 - v) To carry out investments which should: -
 - a) Increase the volume of output to the Society.
 - b) Improve and maintain a health liquidity position.
 - c) Increase the level of surplus to the Society.
 - vi) To offer members complementary savings and credit services and other financial products by way of a Front Office Service Activity, as may be required by the members from time to time.
 - vii) To perform such other functions that may reasonably be performed by a Savings and Credit Society.
 - viii) To ensure safety and soundness of the members' funds through a risk Management.
- c) For the attainment of the above objects, the Sacco may do acts and things that are permissible under the Act and Regulations, Rules and these By-laws and all such other things as are incidental or consequential to the economic enhancement of its members interests provided such act is approved by the members in a Delegates Meeting.

5. CO-OPERATIVE VALUES

Co-operatives are based on values of self-help, mutual responsibility, equality and equity. They practice honesty, openness and social responsibility in their activities.

6. CO-OPERATIVE PRINCIPLES

In order to achieve the objects for which it was established, the Society shall act in accordance with the following Co-operative principles, namely: -

a) **Voluntary and open membership**

The Society shall always be guided by the principle of voluntary and open membership in its member recruitment drive without political, ethnic, religious, gender or social discrimination.

b) Democratic member control

The Society will be fully controlled by members who will have equal voting rights on the basis of one member one vote.

c) Economic participation by member

Members shall contribute equitably to the capital of the Society and share in the results of its operations.

d) Autonomy and independence

The Society shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.

e) Education, training and information

The Society shall foster reciprocal, on-going education programs for members, leaders, staff and the community so that they can teach and learn from each other or from the appropriate resource persons in understanding and carrying out their respective roles.

f) Co-operation among Co-operatives

In order to better serve the interests of the members and the community, the Society shall actively co-operate with other Co-operatives locally, regionally, nationally and internationally.

g) Concern for community in General

The Society shall show concern to the community in which it exists and operates.

7. MEMBERSHIP AND AFFILIATION

The Society may become a member of, or seek affiliation to other relevant organizations by a resolution of the members in a delegates meeting. Membership shall consist of:

- a) Original members who signed the application for registration;
- b) New members subsequently admitted in accordance with these by-laws and whose names are entered in the register of members.
- c) Employees of KRA, any other Ministry, Government Department and any other reputable company or organization, their spouses, children and immediate family members including brothers or sisters, subsequently admitted thereto.
- d) An employee of the Society may become a member of the Society but he shall not be a member of any Committee except as specifically provided in these by-laws.
- e) Members who have lost the common bond and wish to retain their membership subject to the terms and conditions determined by the Board of Directors from time to time.

- f) The Board of Directors may come up with regulations on admission of groups. Members of such groups shall be members of the SACCO.

8. QUALIFICATION FOR MEMBERSHIP

A person shall be eligible for membership if he has the following qualifications:

- a) Is within the field of membership consisting of the following common bonds;
 - i. Employees of KRA
 - ii. Employees of NHIF
 - iii. Employees of KLB
 - iv. Employees of PZ Cussons
 - v. Employees of NTSA
 - vi. Employees of NHC
 - vii. Employees of government ministries and parastatals
 - viii. Employees of any other reputable company or organization
 - ix. The business community
 - x. Is a spouse, son, daughter, brother or sister of the above i to viii.
- b) Is an ordinary resident in Kenya.
- c) Is not less than 18 years of age.
- d) Has not been convicted of a criminal offence involving fraud or dishonesty.
- e) Is not a member of any similar Savings and Credit Co-operative Society during the tenure of his membership.
- f) Is not directly or indirectly, a moneylender or carrying out such activities detrimental to the objectives of the SACCO.
- g) Is of good character.
- h) Is a group whose members are individual members of the Society.

9. APPLICATION FOR MEMBERSHIP

Every applicant for membership shall complete an 'Application for membership' form. This form shall be drawn so as to show all the information required for the purpose of registration of members.

10. ADMISSION INTO MEMBERSHIP

- a) An applicant shall be admitted to membership on application upon payment of an entrance fee of **KSHS. 1,000** (One thousand) and purchase of minimum **300** (Three hundred) shares of **KSHS. 100** (one hundred) each, or as shall be fixed by the General meeting from time to time.
- b) Upon admission the member's name shall be entered in the membership register and a membership number issued.
- c) The member shall pay for a copy of the Society's By-laws at its actual cost to the Society.

11. REFUSAL OF ADMISSION

The Board of Directors may refuse admission to a person after assigning reasons for their decision. Such a person shall have the right to appeal to the next Annual Delegates Meeting through the branch officials/delegates and as provided in the Act.

12. MEMBERS PERSONAL STATEMENTS

Every member shall receive regular statements at least once in a year, which shall contain particulars of his membership, shares, deposits and loan transactions with Society.

13. MEMBERSHIP RIGHTS

Subject to these By-laws, policies, standards, values and procedures all members shall have the right to enjoy the Society's services and exercise the rights established by the Act, the Rules and the By-laws. Members are entitled but not limited to:

- a) Receive, periodically and regularly, or upon request, and at least once a year, a statement of the Member's Accounts.
- b) Attend and participate at the members meetings. Each Member shall have one vote irrespective of the shareholding.
- c) Elect or be elected as officer of the Society, unless otherwise prohibited by any other law or where specifically disqualified by these By-laws.
- d) Use the Society services according to the policies and procedures approved by the Board of Directors.
- e) Submit projects or initiatives to the Committee, for the improvement of the Society services.
- f) Other rights as prescribed by the Act and Rules.
- g) Provided that a member who qualified for Membership into the Society by virtue of his or her employment with the Society shall not be eligible for election to any organ, Committee or office of the Society save that of his or her employment.
- h) All legitimate information relating to the Sacco, including internal regulations, registers, Minutes of Delegates Meetings and Supervisory Committees reports, annual accounts and inventories at the Sacco's registered office.

14. MEMBERS' OBLIGATIONS

In complement to the Act and Rules, members of the Society are obliged to:

- a) Be represented at Delegates Meetings.
- b) Show a good Co-operative spirit.
- c) Inform non - members and encourage them to join.
- d) Bring out problems affecting the Society and look for solutions.
- e) Attend Educational Meetings and Seminars organized by the Society or other organization approved by the Board of Directors.
- f) Make use of the services of the Society as stated in the objectives of the Society.
- g) Meet the debts of the Sacco in case of insolvency in accordance with the provisions of the Co-operative Act and these By-laws.

- h) Comply with these By-laws, the Co-operative Societies Act, Rules, Resolutions of the Delegates Meetings and decisions taken by the relevant organs of the Sacco.

15. NOMINEES

- a) Every member shall nominate in writing one or more persons as nominee(s). The nomination shall be attested to by at least **one** witness who is a member of the Sacco.
- b) The names of such nominee(s) shall be entered in the nominee register.
- c) Provided that a member shall have the right to change his nominee(s) in writing in the presence of two attesting witnesses who are members of the Society.
- d) The particulars of the nominees shall be recorded and kept safely in confidential members' files.

16. PAYMENT TO NOMINEE

In the event of death of a member, the Society after satisfying itself and after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee the value of the deceased member's shares, deposits, interests and dividend after deducting such sums as may be due by the member to the Society.

17. DISCHARGE OF NOMINEE

- a) After paying the nominee(s) the value of the deceased members' shares, deposits or interest less any sums due to the Society, the nominee's(s) obligations by the Society shall be discharged.
- b) If for any reason on the death of a member a nominee does not exist, the Society may pay any money due to the deceased member to the personal representative or recognized heirs of that deceased member.

18. ADMISSION OF NOMINEE

A nominee may be admitted to membership of the Sacco if qualified. The shares, deposits, interest and dividends due to the deceased member shall be transferred to the account of that nominee.

19. PENALTIES

- a) Any member who willfully acts in violation of these by-laws or regulations made there under shall be liable to a fine not exceeding Twenty thousand shillings notwithstanding any other action that may be taken against him in accordance with that Act, Rules, these By-laws or any other law.
- b) The Board of Directors of the Society shall have powers to hear and determine matters relating to any alleged violation of the by-laws by a member.
- c) Any member aggrieved by the decision to the Board of Directors may appeal to the Annual Delegates Meeting whose decision shall be final provided this

provision should not prejudice a member right to refer the matter to the tribunal if the issue constitutes a dispute.

20. CESSATION OF MEMBERSHIP

Membership of the Society shall cease with effect from the date of a member's

- a) Death.
- b) Withdrawal.
- c) Expulsion from Society.
- d) Becoming certifiably insane.
- e) Acting contrary to the relevant provision of the act, Rules and By-laws.
- f) Being declared bankrupt in a court of law.
- g) Transferring all shares to another member.
- h) Failure to remit regular savings and loan repayments for a continuous period of six months without valid reasons or leave of the Sacco.
- i) Ceasing to hold qualification for membership as specified in these by-laws.

21. VOLUNTARY WITHDRAWAL

- a) A member may at any time withdraw from the Society by giving a written notice of sixty (60) days during which time the Society will settle the member's accounts and refund the members shares.
- b) Members with no liability or outstanding obligations on their accounts and no outstanding collaterals or guarantees for other member's loans may withdraw from membership at any time without losing vested rights while those with outstanding loans shall continue being responsible for their respective obligations.
- c) Partial withdrawal of non-withdrawable deposits from the Sacco shall not be allowed under any circumstance.

22. SUSPENSION AND EXPULSION

Subject to the grounds of expulsion contained in the Act, a member may be expelled on the following grounds:

- a) Where his activities are detrimental to the Society's interest particularly if he makes consciously untrue statements to the Board of Directors, the Supervisory Committee or the Annual Delegates Meeting.
- b) If he fails to fulfill his obligations to the Sacco whether stated in these by-laws, general internal regulations, a resolution of the Delegates Meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed.
- c) If he is discovered to be a member of another Savings and Credit Co-operative Society.
- d) Acts in any manner prejudicial or detrimental to the interest of the Society.

- e) Any other reason approved by the Delegates Meeting or as may be contained in the Society's code of conduct.
- f) If the person was admitted to the membership of the Society in contravention of the Act, Rules and By-laws.
- g) Willfully defaults in the repayment of loans due for a period exceeding 3 months.
- h) Fails to save regularly. In this case one is deemed a regular saver when he saves at least eight times in a financial year.

23. EXPULSION PROCEDURE

- a) Upon formal and written announcement and proof that a member has committed a violation punishable by expulsion, the Board of Directors shall serve a thirty (30) day written notice to the Member stating the reason(s) for the proposed expulsion, and grant the member thirty days to file a defense
- b) Upon expiry of the thirty (30) days and taking into consideration the member's defense, the Board of Directors shall initiate an administrative inquiry and take a decision on its findings within fifteen days. The Board may; -
 - i) Suspend the member pending expulsion by the Delegates Meeting or
 - ii) Impose any other punishment as may be in this By-Law or as may be directed by the Delegates Meeting from time to time.
- c) A member so expelled by the Board of Directors shall have the right to appeal to the Annual Delegates Meeting provided the notice and ground of such appeal have been filed with the National Hon. Secretary not less than ten days before the date of the meeting. The Delegates Meeting may upon considering the grounds of Suspension of a member, and upon considering the member's defense, which may be in person or in writing, expel the member from the Society.
- d) The decision of the Annual Delegates Meeting on such expulsion shall be final provided that such member shall have the right to refer the issue to the tribunal if the issue constitutes a dispute.
- e) A member who is expelled from the Sacco Society shall have the right to appeal to the tribunal.

24. PAYMENTS RESULTING FROM WITHDRAWAL, TERMINATION, OR EXPULSION FROM MEMBERSHIP

- a) Withdrawal, expulsion or termination of membership will not exonerate a member from any existing personal or membership liability.
- b) On cessation of membership, a person shall be paid the following less any outstanding obligations; -
 - i) Withdrawable deposits.
 - ii) Any dividends and interests due prior to the cessation date.

- iii) Any other funds other than shares held by the Sacco Society on his/her behalf.
 - iv) The nominal or book value shares whichever is less shall be transferred to an existing member.
 - c) Any member who is expelled from the Society shall be paid the following amounts after deductions of any debts owed by him to the Society as borrower, endorser, guarantor or otherwise;
 - i) Any dividends or interest due to him on the date membership ceased.
 - ii) Any deposits or other sums held by the Society on his behalf.
 - iii) Members who voluntarily withdraw may re-apply for admission. In such circumstances the entrance fee will be **Kshs. 5,000** if the application is approved by the Board of Directors.
 - iv) The nominal book value shares whichever is less is transferred to the Society or to an existing member.
 - d) A member who resigns retires or is dismissed from his employment opts to cease to be member of a Society qualifies to benefit from the benevolent funds as per the fund's rules and regulations.

25. FUNDS

a) Core Capital

- i) Paid up members' shares consisting of an unlimited number of shares of value of Kshs.100 each.
- ii) Retained Earnings.
- iii) Reserves including a Statutory Reserve Fund as required by law and such other reserves as may be established with the approval of the Annual Delegates Meeting.

b) Income

The Society income shall constitute:

- i) Interest, fees and charges, penalties, and commissions
- ii) Entrance fee
- iii) Any donations, grants or gifts from other bodies, organizations or individuals
- iv) Funds obtained from other lawful miscellaneous sources.

c) Liabilities

This shall include:

- i) Deposits from members and borrowings from other sources as may be prescribed by the Commissioner.
- ii) Funds obtained from lawful sources.

d) Application of funds

The funds of the Sacco shall only be applied for the promotion of the stated objects of the Sacco as set forth in these By-laws, and shall be invested in:

- i) Securities issued or guaranteed by the government or any agency of the government.
 - ii) Deposits obligations or other accounts of deposit taking institutions under the banking Act.
 - iii) Shares, stocks, deposits in loans to or other obligations to any Sacco Society or Co-operative Society.
 - iv) Loans to members.
 - v) Properties and Equipment for purposes of Sacco business.
- e) **Investments** under (d) above shall not in the aggregate, exceed such proportion of total assets, core capital and deposits of the Sacco as prescribed in the Regulations.

26. SHARES

- a) Every member shall hold at least **100** (one hundred) shares of **Kshs. 300** (one hundred) each or as shall be fixed by the General Meeting.
- b) The minimum total shares shall be Kes. 30,000 for every member.
- c) However, no member shall hold more than one-fifth of the total shares of the Sacco Society.

27. PURCHASE OF SHARES

Any amount may be accepted towards the purchase of shares, provided that the Board of Directors may fix the amount that may be paid by the member at any one-time subject to approval by the Annual Delegates Meeting.

28. TRANSFER OF SHARES

- a) A member may at any time transfer shares to another member but not to any other person. Such transfers must be in writing and at nominal value.
- b) All transfers of shares shall be registered with the Society and no transfer shall be valid unless so registered. A fee of **Kshs. 500** (Five hundred) shall be payable by the transferee for each such transfer.
- c) In case of death of a member shares shall be automatically transmitted to the nominated next of kin.

29. LIABILITY

- a) The liability of a member shall be limited to the nominal value of shares held by him.
- b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of shares held by the members, the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

30. POWER TO BORROW

- a) Loans may be obtained from members and non-members subject to maximum as may be approved by the Annual Delegates Meeting, which shall be notified to the Commissioner in the prescribed form.
- b) For the security of any loans accepted by the Sacco Society under 30(a) the Sacco Society may grant a charge over its assets. The authority to grant a charge shall be reserved to the Board of Directors.
- c) The rate of interest shall not exceed the prevailing market rates.
- d) Any charge created by the Society shall be registered with the Commissioner in the prescribed form within 30 days.

31. INTEREST RATES

The rate of interest on the deposits or loans shall be fixed by the Board of Directors, provided it does not exceed prevailing market rate.

32. RECEIPTING OF MONEY

- a) Money paid in or out on account of shares, deposits, loans, interest, fees or fines shall be evidenced by a printed receipt in a form to be approved by the Board of Directors.
- b) Every person receiving or paying any money on behalf of the Society shall be identified on the receipt.
- c) Should the receipt given to the member by the Society be lost or destroyed immediate notice of such fact shall be given to the National Treasurer who may be authorized by the Board of Directors to issue a duplicate receipt. The Board of Directors may also require payment to the Society of reasonable charge to cover the cost of issuing the duplicate.

33. PAYMENTS AND DISBURSEMENTS

Payments made by the Sacco shall be recorded and evidenced as provided for in the approved policy and procedure manual.

34. STATUTORY RESERVE FUND

- a) The Society shall pay into the reserve fund account maintained in pursuant to the provisions of section 47 of the Act of one-fifth (20%) of the surplus resulting from the operations of the Society during a financial year.
- b) The reserve fund shall be kept in a separate account known as the reserve fund account, which shall be audited annually.
- c) The reserve fund of a Society shall be invested in the manner provided for in Section 45 of the Act.

- d) No withdrawals shall be made from the reserve fund of the Society without the approval in writing of the Commissioner and any such withdrawal shall be made good from the net available funds accruing to the Society if the Commissioner so directs.
- e) The reserve fund shall be indivisible and no member shall be entitled to claim a specific share of it.

35. ELECTIONS OF DELEGATES

- a) Delegates shall be elected from a group consisting of a minimum fifty members within any work station subject to meeting the following conditions:
 - i) Must meet the membership qualifications as set in this by-law.
 - ii) Minimum regular share deposit contribution
 - iii) Must have been a member of the Sacco for more than 6 months.
 - iv) Delegates will be required to patronize FOSA products as prescribed in the election policy.
 - v) Any other conditions as may be prescribed in the election policy.
- b) Where there exist geographical constraints, the Annual Delegates Meeting may approve delegate representation.
- c) A delegate shall cease to hold such position by:
 - i) Death.
 - ii) Relocation from electoral **station for a period** that may be prescribed in the policy.
 - iii) Insanity proven by a medical Doctor.
 - iv) Imprisonment for more than 6 months.
 - v) Withdrawal of membership.
 - vi) Dismissal from employment on disciplinary grounds.
 - vii) Bankruptcy declared by a competent court of law.
 - viii) Being an employee of the Sacco.
 - ix) Any other cause deemed reasonable by the Board of Directors subject to approval of the Annual Delegates Meeting.
- d) Where a delegate ceases to hold office under 35(c) above, the Board in consultation with the affected branch/station shall co-opt one member to replace the affected delegate.

36. REGIONAL TEAM LEADERS

Delegates may choose Regional Team Leaders for their respective regions to facilitate in co-ordination of regional activities such as member education. Such number of elected leaders shall not exceed three (3).

37. MEETINGS

Meetings of the Society shall be at designated physical venue or online, which shall be expressly stated in the Notice convening such meeting

38. FIRST DELEGATES MEETING

The first Annual Delegates Meeting of members shall be held not later than one month after receipt of the certificate of registration and shall:

- a) Elect officers for the ensuing.
- b) Consider and decide upon the maximum borrowing powers of the Society.
- c) Appoint the Society's bankers.
- d) Consider and approve estimates of income and expenditure for the ensuing financial year or part thereof.
- e) Receive reports and decide upon other matters as may be necessary for the conduct of the Society's business

39. ANNUAL DELEGATES MEETING

- a) The supreme authority of the Sacco Society shall be vested in the General Meeting of delegates.
- b) The Annual Delegates Meeting shall be held within four months after the end of each financial year. The Annual Delegates Meeting shall hold elections and undertake such other business as is laid down in these By-laws: -
 - i) Any other business not completed at the Annual Delegates Meeting such as acting upon the Auditors report (if not received by the time of the meeting) disposal of the net surplus etc. may be taken up by a subsequent Special Delegates Meeting or at the next Annual Delegates Meeting.
 - ii) A Special Delegates Meeting shall be held when convened by the Board of Directors or the Commissioner or within 15 days' notice on receipt of a written request from at least 2,500 (two thousand five hundred members) or 33% of the Society's membership.
 - iii) Provided the request is deposited by registered mail at the Sacco's address or delivered to the Chief Executive Officer at the Sacco's registered offices within normal working hours.
 - iv) If the Board of Directors fails to convene a meeting within fifteen days of receiving notice under the Co-operative Act, the Delegates shall give notice to the other members of the Sacco, stating the object and reasons for the meeting and the fact that the Committee has failed to convene the meeting.
 - v) Any business not completed at the Annual Delegates Meeting, may be taken up at a subsequent special Delegates Meeting of the Sacco.

40. NOTICE OF MEETINGS

- a) At least fifteen clear days' notice shall be given in the case of: -

- i) An Annual Delegates Meeting or Special Delegates Meeting.
- ii) The National Honorary Secretary shall take all possible and usual steps, such as announcements at public meetings, posting a notice on the Society's notice boards or boards, and advertisement in the newspaper or newssheet and inform all delegates or as may be applicable of the date and main business of the meeting. All written notices shall include a statement of business to be dealt with.

41. SPECIAL DELEGATES MEETING

- a) For a Special Delegates Meeting requested by members, the request must state the object of the meeting called, and be signed or thumb-marked by the requesters.
- b) The request shall be deposited with the Chief Executive Officer at the registered office of the Society.

42. QUORUM FOR THE DELEGATES MEETING

- a) Except when convened by the Commissioner, the presence of at least 42 (forty two delegates) or 67% of the total Delegates shall constitute a quorum for the conduct of business at a Delegates meeting.
- b) When a quorum is not attained, the Chairman shall adjourn the meeting and another meeting convened in line with Section 38.
- c) If at such a meeting a quorum is again not attained, the Chairman shall declare the meeting open with those present one half hour after the advertised time of the meeting.

43. REQUIRED MAJORITY

- a) The motion to revoke a specific decision taken by the Board of Directors or to remove a Director from office must be seconded by a minimum of five Directors attending the meeting.
- b) Amendments of these By-laws shall be approved by a vote of two-thirds majority of the members present at the meeting.
- c) Any other motion shall be approved by simple majority of votes.

44. ROLE OF NATIONAL CHAIRMAN AT THE ANNUAL DELEGATES MEETING

- a) The National Chairman or in his absence, the National vice-Chairman shall preside at every Delegates meeting.
- b) In their absence any member of the Board elected by majority of delegates present shall preside.

45. IDENTIFICATION

Before they may attend or vote at any meeting, members or delegates may be required to provide such evidence as may be satisfactory in proof of their membership and identity.

46. FUNCTIONS OF ANNUAL DELEGATES MEETINGS

- a) Annual Delegates Meeting shall: -
 - i) Consider the minutes of the previous meeting and consider matters arising there from.
 - ii) Consider the statements of account, the Auditors report, the inspection notes of the Commissioner and the reports of the Committees on activities of the Society during the past financial year.
 - iii) Consider and approve the disposal of net surplus resulting from operations of the Society during the past financial year.
 - iv) Ratify actions taken by the Board of Directors, and give directions to the new Committees where necessary.
 - v) Consider appeals against the expulsion of members and refusal of membership by the Board of Directors.
 - vi) Elect, suspend, or remove members of the Board of Directors and the Supervisory Committee provided that proper notice and purpose of the meeting has been given in advance subject to the provisions of the Act rules and By-laws.
 - vii) Fix the maximum liability, which the Society may incur on loan deposits, whether from members, or non-members, which must not exceed 20 % of the total assets.
 - viii) Approve the proposed Budget for the next financial year and any other budget that may be presented by the Board including Supplementary.
 - ix) Fix the honoraria, if any, for officials.
 - x) Appoint the Society's auditors for the ensuing year.
 - xi) Transact any other general business of the Society in which notice has been given to members in the manner prescribed in these By-laws.
 - xii) Determine the amount of indemnity of the Board of Directors.
 - xiii) Decide on the Management structure, including the establishment of branches to facilitate efficient and cost effective delivery of services to members
- b) All Delegates have a right to attend the Delegates Meeting and participate in its deliberations.

47. MINUTES

- a) All business discussed or decided at the General Meeting shall be recorded without erasures and corrections in a Minute Book, which within one month of the meeting, shall be signed by the National Chairman of the meeting and the National Hon. Secretary for circulation.

- b) At the next meeting, after approving any alteration or variation, which shall be written immediately below the above signatures, and not as alteration to the original record, the meeting shall by resolution, authorize National Chairman and the National Hon Secretary to sign and date the final record.

48. BOARD OF DIRECTORS

- a) The Board of Directors shall be the governing body and shall be elected by and from the delegates at the Annual Delegates Meeting and shall consist of nine members.
- b) Members of Board of Directors and Supervisory Committee shall be drawn from Delegates elected from stations within the City of Nairobi.
- c) Where a Member of the Board of Directors elected under the provisions of section (c) above ceases to be from that station, by way of transfer or any other reason, he shall automatically cease to be a member of the Board of Directors at the next election cycle.
- d) Where the membership of the Board of Directors falls below five the Board shall co-opt qualified member(s) into the Board until the next Delegates Meeting.
- e) The members of the Board of Directors shall be elected for a term of three years' subject to one third retiring annually. In case of a transition, and where a new Board has been constituted, the National Chairman and the National Vice Chairman shall retire at the end of the third year.
- f) No person shall be eligible as a member of the Board of Directors if he;
 - i) Has not been a member of the Sacco Society in good standing for at least two (2) Years prior to the Annual General Meeting.
 - ii) Receives any remuneration, salary or other payment from the Co-operative Society save in accordance with this Act.
 - iii) Is delinquent on loans with the Sacco for more than 60 days, for long-term loans i.e. loans whose repayment is more than 12 months, and more than seven (7) days for short-term loans, within 2 years prior to elections
 - iv) Is of unsound mind
 - v) Is not able to declare his wealth to the Commissioner with 30 days of his election.
 - vi) Is unable to indemnify the Society within 14 days of his election.
 - vii) Has not accumulated share deposits as may be prescribed by an ADM resolution. Such shareholding must have been saved through regular savings.
 - viii) Has not fulfilled the minimum qualifications and obligations of a member as outlined in this by-laws and the Act.
 - ix) Is an official of or holds a political office at any level.
 - x) Has been adversely named by the Commissioner or his representative in an inquiry report endorsed by an Annual or Special Delegates Meeting

for mismanagement or corrupt practices whilst still a member of the Board of a Co-operative Society or union in the last ten years, or named in any other national inquiries where he has been shown to be engaging in dishonest activities

- xi) Has been convicted of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- xii) Has not duly executed the Fit and Proper Test form as provided in the Regulations.
- xiii) Has not patronized FOSA products as prescribed in the election policy.

49. ELECTIONS

- a) The Board shall notify the **delegates** of the vacancies arising in both the Board and the Supervisory Committee.
- b) There shall be a Nominating Committee constituted as per the Sacco Electoral Policy formulated by the Board to vet and clear the prospective candidates for elections.
- c) During elections, the Returning officer shall present duly nominated candidates for the vacant positions. Each candidate must have a proposer and a seconder.
- d) At the elections, members shall decide, by majority vote, the method of voting. The method may be secret ballot or queuing or by show of hands.
- e) No member shall be entitled to vote by proxy. A duly nominated candidate may be elected in absentia.
- f) Irrespective of the number of shares held by him, no member shall have more than one vote.
- g) Within fourteen (14) days of the elections, the Chief Executive Officer shall forward to the Commissioner the names and addresses of all persons elected.
- h) Newly elected officers shall not assume office unless they have been cleared by the Commissioner and satisfied the requirements of the Co-operative Act, Rules and these by-laws.

50. INDEMNITY

Every Board and Supervisory Committee member shall, pursuant to section 27(b) of the Act file an indemnity in form(v) set out in the schedule to the rules whose amount shall be determined by the Delegates Meetings and which shall be lodged with the Commissioner within fourteen days of election to the Committee.

51. DECLARATION OF WEALTH

Every Board and Branch Management Committee member shall within 30 days of Being elected, and subsequently as may be required by law, declare wealth to the Commissioner in the prescribed manner.

52. QUORUM FOR MEETINGS OF THE BOARD OF DIRECTORS

At least five of the total number of the Committee shall form a quorum for the disposal of Society business,

- a) The Board shall meet not more than twelve (12) times in a financial year and not more than two months shall lapse between the date of one meeting and the date of the next meeting.
- b) If a member of the Board of Directors fails to attend three (3) consecutive meetings without reasonable excuse, or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided in these by-laws.

53. DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors being the governing body, shall be subject to directions from the Annual Delegates Meeting to manage the affairs of the Society in a competent manner. Its procedures, powers and duties shall:

- a) Observe all activities in the Act, the Rules, these by laws and prudent business practices.
- b) Establish and approve appropriate policies including Human Resource Management, Savings, Liquidity, Investment, Dividend, Risk Management, General Administration, Cash Handling and Information Management and preservation.
- c) Formulate the Electoral Policy to guide in the nomination and election process.
- d) Prepare and develop business plans and annual budgets for presentation at the Delegates Meeting.
- e) Appoint such number of Board Committees as maybe necessary to effectively discharge its functions.
- f) Approve interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amounts that may be loaned with or without security to any member as recommended by the Sacco's Management.
- g) Ensure that the Sacco pays its statutory levies as may be required by law.
- h) Ensure adequate provisions for known and probable losses and recommend to the Delegates Meeting the write-off of bad debts.
- i) To provide adequate budget for education and training of members, and the capacity development of the Board and staff.
- j) Receive and consider reports from the established Board Committees.
- k) Take action upon all applications for membership.
- l) Ensure that true and accurate records of accounts are kept of the Society money, properties, capital, reserves, liabilities, income and expenses.

- m) In pursuant to Section 28 (4) (g) of the Act all Directors shall declare their wealth to Commissioner of Co-operative development and shall each provide an indemnity in form V in schedule to the tune of 5% of the share capital of the Society within 14 days of election into office or such other amount that shall be determined by the Annual Delegates Meeting.
- n) The Board of Directors shall cause the books of accounts to be audited by a gazetted auditor approved by the Commissioner. The audited accounts shall be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation to the members at the Annual Delegates Meeting.
- o) Lay before the Annual Delegates Meeting audited balance sheet and final accounts together with proposals for the disposal of the net surplus (if any)
- p) Recommend to the Annual Delegates Meeting the dividend rate to be paid on shares and interest refund (if any) to be paid on deposits.
- q) Fill the vacancies occurring in the Board of Directors by Co-option.
- r) Approve investments by the Society.
- s) Authorize the conveyance of property, authorize borrowing operations of the Society in accordance with the Act and Rules subject to Annual Delegates Meeting approval
- t) Designate, a depository or depositories for the funds of the Society
- u) Employ and fix the remuneration of a Chief Executive Officer and such other employees as may be necessary to carry on business of the Society.
- v) Impose fines when necessary.
- w) Approve transfer of shares between members.
- x) Supervise the collection of loans from members and recommend the write-off of bad debts.
- y) Affiliate the Society to a Co-operative Union of Savings and Credit Societies or an Apex Society, subject to approval by the Annual Delegates Meeting.
- z) Perform such duties as members may from time to time direct, and
- aa) Perform or authorize any act consistent with the Act, Rules and these by-laws, unless specifically reserved for the Annual Delegates Meeting.
- bb) Review and make recommendations on appropriate Human Resource Policies,
- cc) Review the organizational structure of the Sacco and ensure its manned by staff with relevant skills and experience.
- dd) Ensure that periodic reviews of staff performance are conducted.

- ee) Examine and recommend Human Resource expenditure for approval by the Board.
- ff) Ensure establishment of Management succession plan in the Sacco.
- gg) Ensure the Management adheres to the approved human resource and related policies.

54. BOARD OFFICIALS

Board officials shall comprise of National Chairman, National Vice Chairman, National Honorary Secretary and National Treasurer whose duties shall be as follows

a. National Chairman

- i) The Chairman shall preside at the meetings of the members, and meetings of the Board of Directors. He shall perform such other duties as maybe directed to perform by the Board of Directors, consistent with provisions of the Act Rules and these By-laws.
- ii) He shall prepare or cause to be prepared the agenda of Sacco meetings.

b. National Vice Chairman

- i) The vice-Chairman shall perform the duties of the Chairman during his absence and shall perform such other duties as he may be directed to perform by the Board of Directors.
- ii) He shall be the Chairman of Education Committee.
- iii) He shall ensure that the Directors and the Society members have education on Co-operative matters at least once every year.

c. National Honorary Secretary

The duties of the Secretary shall be: -

- i) To record minutes of the Board of Directors meeting and the Annual Delegates Meetings.
- ii) To prepare and send notices of the meeting.
- iii) To ensure that the Society's correspondence is promptly and correctly attended to; and
- iv) To arrange in consultation with the Chairman the calling of the meetings and when necessary.
- v) To be responsible for entries on the Society's registers.
- vi) To receive and file any petitions by members or any other applicants.
- vii) To perform such other duties as may from time to time be assigned by the Board of Directors.

d. National Treasurer

The duties of the treasurer shall be: -

- i) To manage or cause to be managed the financial affairs of the Society in a competent and efficient manner.
- ii) To ensure that a proper record is kept of all monies, received and paid out by the Society, its assets, liabilities, capital, reserve and income and expenditures.
- iii) To ensure the safe keeping of the Society's money, securities and books of accounts.
- iv) To ensure that all payment and expenditures are duly authorized.
- v) To ensure compliance with all directives of the Board of Directors and the Commissioner.

Prepare or cause to be prepared the Society's annual and any other budgets and cause the same to be tabled before respective organs for approval.

55. LEGAL STANDARD OF CARE

In the conduct of the affairs of the Society, the members of the Committees shall exercise the prudence and diligence of ordinary men of business and may be held personally and individually responsible for any losses sustained through any of their acts and on failure to act contrary to the Act, the Rules, the by-laws or the directions of full annual Delegates meeting.

56. SUSPENSION OF A DIRECTOR

The majority of the Board of Directors may suspend a Director and accordingly inform the Commissioner subject to ratification by the Delegates Meeting for;

- a) Failure to disclose vested interests.
- b) Being charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- c) Any other good cause.

57. CESSATION OF OFFICE BY A DIRECTOR

A member of the Board shall cease to hold office if he:

- a) Ceases to hold qualifications of a Board of Directors as specified in the Act, Regulations and these By-laws;
- b) Is removed by the Commissioner under the provisions of the Act and Regulations;

- c) Is voted out by two-thirds majority of Delegates present and voting at the Delegates Meeting.
- d) Is not able to declare his wealth to the Commissioner with 30 days of his election.
- e) Is unable to indemnify the Society within 14 days of his election.

58. DELEGATION TO OFFICERS

- a) The Board may delegate to the Chief Executive Officer of the Sacco such duties as the board deems fit.
- b) Nothing in (a) above shall absolve the Board from its responsibility of running the affairs of the Sacco in a proper and businesslike manner.

59. EXPENDITURES

- a) No expenditure shall be authorized by the Board of Directors, unless it is provided for in the budget estimates formally approved by the Annual Delegates Meeting.
- b) The Society may operate without a budget approved by the Annual Delegates Meeting for not more than three months after commencement of the financial year.

60. RECORD OF BUSINESS

- a) All business discussed or decided at the Committee meetings shall be recorded in a minute book which, within one week of the meeting shall be signed by the Chairman of the Committee and at least one other DIRECTOR who was present at the meeting verify that, in their opinion, the minutes are true and complete record of all important matters which were discussed or decided at the meeting.
- b) At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures, and if there are no alterations to the original record, the meeting shall authorize the Chairman to sign and date the final record.

61. BOARD COMMITTEES:

Board Committees shall comprise:

- a) Finance Investment and Administration Committee
- b) Credit Committee
- c) Education, Strategy, Business Development and Technology Committee
- d) Human Resource and Governance Committee
- e) Audit, Risk Management and Compliance Committee

62. FINANCE, INVESTMENT AND ADMINISTRATION COMMITTEE

The Finance, Investment and Administration Committee shall consist of the Four (4) Board officials including the Treasurer who shall serve as its Chairman. Its duties shall be to:

- a) Review and make recommendations to the board on the financial plans of the Sacco society ensuring its adequacy and soundness in providing for the Sacco Society current operations and long term stability.
- b) Review, discuss and make recommendations to the board concerning significant financial planning, management and reporting issues of the Sacco society
- c) Review periodic financial statements of the Sacco society before submission to the Board.
- d) Consider and advice the board on investments and borrowings.
- e) Make recommendations to the board on capital expenditure projects.
- f) Ensure all expenditure of the Sacco society are within the approved budgets
- g) Monitor the management's adherence to the procurement plans approved by the board
- h) Review and make recommendation on finance related policies including investments, capital adequacy and financial performance monitoring.
- i) Ensure the Sacco society has liquidity management policies as prescribed in the Regulations.
- j) Review loan interest rates and other levies proposed by the management and make recommendations to the board for approval.

63. CREDIT COMMITTEE

- a) The credit Committee shall consist of three members of the Board of Directors. The credit Committee shall be chosen at the Board of Directors meeting held within seven days after each Annual Delegates Meeting for a term of three years.
- b) The credit Committee shall hold such meetings as the business of the Society may require, but not less frequently than once a month.
- c) The credit Committee shall inquire carefully into the character and financial conditions of each applicant for the loan, and of his guarantors, if any, to ascertain his ability to repay fully and promptly the obligations incurred by him and determine whether the loan is for a worthy purpose and will be of probable benefit to the borrower. The credit Committee shall endeavor diligently to assist all members to solve their financial problems.
- d) The Committee shall make such reports to the Board of Directors as they may require and shall make an annual report to the delegates meeting.

- e) Credit Committee shall liaise with the relevant Board Committees and propose to be designed and reviewed the lending policy of the Society.

64. THE EDUCATION, STRATEGY, BUSINESS DEVELOPMENT AND TECHNOLOGY COMMITTEE

The Education, Strategy and Business Development Committee to consist of three (3) members of the Board including the National Vice Chairman who shall be the Chairman of the committee. Its duties among others shall be to:

- a) Review and recommend education programmes for members, board members, and the Delegates for approval by the board.
- b) Monitor implementation of educational and marketing programs formulated to ensure that the Board, members and the staff are well trained and ensure proper marketing of the society's products is undertaken.
- c) To assess the performance of the Sacco taking into account the strengths, weaknesses, opportunities and threats at hand and devise an appropriate strategic plan.
- d) To monitor the ongoing implementation of the plan laid out previously, actively reviewing the progress of the Sacco in relation to the parameters set out in the strategic plan. In this manner, the Strategic Committee ensures that the agreed plan remains relevant and up to date whilst incorporating any necessary changes that may arise.
- e) Undertake research, product development and customer perception surveys.
- f) Recommend Technological development of the society through addressing software and hardware needs of the society.

65. HUMAN RESOURCES AND GOVERNANCE COMMITTEE

The Human Resources (HR) and Governance Committee to consist of three members of the Board and chaired by the National Hon. Secretary. The duties of the committee to include:

- a) Reviewing the bylaws annually and recommending any needed changes to the full board.
- b) Review and monitor the Sacco's policies and practices on compliances with legal and regulatory requirements.
- c) Reviews, monitors and makes recommendations to the Board of Directors on Sacco's human resources strategy and policies that pertain to staffing, compensation, and benefits,
- d) Develop Society's strategic guidelines that directly affect Sacco's ability to recruit, develop and retain the highly-qualified staff needed for it to achieve its mandate.
- e) Review the organizational structure of the Sacco Society and ensure that staff have relevant skills and experience.

- f) Ensure that periodic reviews of staff performance are conducted.
- g) Recommend on any matters concerning the staff of the society to the Board.
- h) Set, review and generally deal with terms and conditions of service of the society employees from time to time.

66. AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The audit Committee shall consist of three (3) members of the Board, one of whom shall be conversant with financial and accounting matters. The Chairman of the Board shall not be a member of the Audit Committee. The primary responsibility of the Audit Committee shall be as prescribed in the Regulations which includes: -

- a) Ensuring establishment and review of the internal control system.
- b) Review performance and findings of the internal auditor and recommend remedial actions regularly and at least once in every three months.
- c) Reviewing coordination between internal and external audit functions as well as monitor external auditors' independence and objectivity.
- d) Report to the Board on their findings and recommendations.

67. SUPERVISORY COMMITTEE

- a) The Supervisory Committee shall be elected by and from the Delegates of the Annual Delegates Meeting and shall consist of three members for a period of three years.
- b) No member of the Board of Directors may be elected to the Supervisory Committee.
- c) One third of the members of the Committee shall retire every year.
- d) The Supervisory Committee shall make or cause to be made at least once every three months, an investigation into the affairs of the Society, including an audit of its books and shall make a report thereof, to the next meeting of the Board of Directors. The Supervisory Committee shall also make a yearly report to the Annual Delegates Meeting.
- e) The Supervisory Committee shall, from time to time and not less frequently than once in every three months, cause the statements of account of all members to be compared with the records, of the Society and be confirmed to the members. The Committee shall maintain a permanent record of all verifications.
- f) The Supervisory Committees are jointly and severally liable to the members for the non-performance of their duties, whether resulting from lack of supervision or negligence in noting illegal transactions and unsound fraudulent acts.
- g) The Annual Delegates Meeting shall set the minimum qualification standards for members of the Supervisory Committee provided that at least one of them

shall have accounting knowledge on book-keeping, auditing or financial Management knowledge.

- h) The Supervisory Committee shall in particular: -
- i) Ensure that the standardized accounting system and procedures are implemented.
 - ii) Confirm that cash and bank accounts regularly and reconcile with records and make necessary recommendations to the managing Committee.
 - iii) Check loans applications and note exceptions
 - iv) Check delinquent loans among Board of Directors and SACCO members.
 - v) Listen to members' complains and assists them to find a solution.
 - vi) Submit its annual reports to the Commissioner
 - vii) Evaluate programmes of the Society
 - viii) Check minutes of the Board of Directors and delegates meetings for policy matters following the stated objectives.
 - ix) Seek for solutions to weaknesses in the Management.
 - x) Analyze expenses of the Society.
 - xi) Check dividends interests on shares savings and loan interest payment.
 - xii) Prepare and present discussions quarterly reports to the Board of Directors.
 - xiii) Prepare and present annual reports on the Management of the Society to the Delegates meeting.
 - xiv) Monitor if Board of Directors members and staff are serving the interest of Society members.
 - xv) Receive the reports of the auditor and take action on the same or recommend for action by the delegates meeting.

In case the Supervisory Committee requires the services of an expert to assist on a specific task, the honorarium of the expert shall be determined by the Board of Directors based on the budget of the Society approved by the delegates meeting. Such experts shall be an appointee of the Supervisory Committee.

68. AUTHORITY OF THE SUPERVISORY COMMITTEE

- a) Without intervening in the administrative function and subject to its control and supervision, the Supervisory Committee is responsible for the Society's compliance to the rules, regulations, financial condition and for making sure

that the Society's administrative practices and procedures are adequate to safeguard the members and the institution's rights and interests.

- b) Meetings of the Supervisory Committee shall be convened by the Chairman of the Committee. The Supervisory Committee shall meet as often as it finds necessary to carry out its work efficiently their Supervisory meetings shall be quarterly.
- c) Honorarium to the Supervisory Committee shall not be determined by the number of meetings.
- d) Compensation shall be the same as that of the Board of Directors it shall be a compulsory body in the internal supervision of the Society.

69. CHIEF EXECUTIVE OFFICER

- a) The Board shall appoint a Chief Executive Officer and other staff whose terms and conditions of service are determined by Committee and approved by the Commissioner.
- b) He shall be responsible for the day-to-day Management of the Society. His powers and duties shall be assigned by the Board of Directors and in particular:
 - i) To manage the affairs of the Society in a competent manner.
 - ii) To cause to be kept proper Books and Records Society business.
 - iii) To attend Board of Directors Meetings and the Delegates Meetings in an advisory capacity with no voting rights
 - iv) To prepare and analyze on a quarterly basis the Society's business plans and budget.
 - v) To represent the Society in business transactions and any other transaction authorized by the Board of Directors.
 - vi) To timely provide information required by the Supervisory Committee in time.
 - vii) To propose to the Management Board of new positions arising at the Society, and revision of the salary schedule for all Society's staff.
 - viii) To implement recommendations set forth in the audit reports and those issued by the Supervisory Committee.
 - ix) To ensure on monthly basis that the accounting records are in balance and the individual accounts subsidiaries are up-to-date and the Income Statement, Balance Sheet and Delinquency List are complete and correct. Ensure that the account records are maintained in accordance with accepted accounting principles.
 - x) To ensure that adequate insurance is in place for all employees, officials and property of the Society.

- xi) To direct and supervise the administration and processing of loans application.
- xii) To recommend to the Board a pricing strategy for products and services, in which the interest rates structure will seek a balance between the loans available to the members, and the long-term viability of the Society. For this purpose, the Chief Executive Officer shall consider:
 - 1) Cost particularly those related to member's savings dividends, the allowance for loan loss, and operating expenses.
 - 2) The need for a strong capital position, which is essential for the Society's long-term viability of the Society and future growth.
 - 3) The competition's pricing structure, given the competitive nature of the financial market.
- xiii) To assist the Management Board with determining acceptable type of collateral that can be used to secure the Society's loans.
- xiv) To ensure there is adequate liquidity to meet loan demands, savings withdrawal, and operating expenses.
- xv) To ensure drawing up and updating of job descriptions of each employee
- xvi) To ensure implementations without delay of all decisions of all Committees of the Society and the Delegates Meeting
- xvii) To ensure custody of valuables, legal instruments and seal of the Society.
- xviii) Countersigning cheques contracts and other official documents.
- xix) The Chief Executive Officer shall ensure that the Board is frequently and adequately appraised on the operations of the Sacco through presentation of relevant reports which shall cover, but not limited to the following: -
 - 1) Financial statements (monthly, quarterly and annual); showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances;
 - 2) Capital structure and adequacy;
 - 3) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning;
 - 4) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual;
 - 5) Sources and application of savings and deposits;
 - 6) All insider lending and non-performing insider loans if any.
 - 7) Violation of the Act, these regulations and any other applicable law, and remedial actions taken to comply;
 - 8) Large risk exposures;
 - 9) Investment portfolio;

- xx) The Chief Executive Officer shall;
 - 1) Attend all Board and Delegates Meetings as an ex-officio member.
 - 2) Perform such other duties as may be assigned by the Board.

70. BOOKS AND RECORDS

- a) The Society shall keep an-up to-date and in a proper business-like manner such accounts and such books as the rules and the Commissioner may from time to time, direct, and in particular shall keep the following books or accounts: -
 - i) Register of members showing in respect of each member: -
 - 1) The name, age, date of application for membership, address and occupation.
 - 2) The date he was admitted to membership, and
 - ii) The date on which he ceased to be a member
 - iii) A minute book giving details of proceedings at the Annual Delegates Meeting.
 - iv) Minute book giving details of proceedings of the Management Board meeting.
 - v) A cashbook showing the details of all monies received and all monies expended or paid out by the Society.
 - vi) Members' ledgers containing such accounts as are necessary to reflect properly the business of the Society.
 - vii) A personal ledger for each member showing his transactions with the Society
 - viii) An asset (property) register
 - ix) A register of loans to members showing in respect of each loan the loan number of the borrower, the date of repayments and the date repayments were completed.
 - x) A guarantor's control register showing loans, interest rates and collaterals.
 - xi) A copy of the Co-operative Societies Act.
 - xii) A copy of the Co-operative Societies Rules.
 - xiii) A copy of the Society's By-laws.
 - xiv) A copy of the Society's Regulations.
 - xv) A Certificate of Registration of the Society visibly displayed in the office.
 - o. A copy of approved Final Accounts.
 - xvi) A copy of monthly Financial Accounts. q. A copy of loan policy.

- xvii) Such other books and records as the Committee may decide or the Commissioner may prescribe.
 - xviii) Ensure audit and supervision fee is deposited in the Management and supervision fund annually as provided under section 18 of the Co-operative Societies rules, 2004.
- b) The accounts and the financial records of the Sacco shall be denominated in Kenya shillings and shall comply with International Financial Reporting Standards and any reporting requirements prescribed by the Act.

71. FINANCIAL YEAR

The financial year of the Society shall be the same as the calendar year from 1st January to 31st December.

72. CONDUCT OF BUSINESS

- a) The Board of Directors may make such rules consistent with these By-laws, as they deem necessary for the conduct of the Society's business.
- b) Any such rules shall be recorded in the Society's minute book and shall be posted on the Society's notice Board, and shall come into force when and as determined by the Committee.

73. ELECTIONS

All elections shall be either by a show of members' hands, secret ballot, online voting, or as may be agreed by a majority of the members present.

74. VOTING

No members shall be entitled to vote by proxy.

75. SHARE HOLDING

Irrespective of the number of shares held by him, no member shall have more than one vote.

76. NAMES OF ELECTED PERSONS

Within seven days after the elections, the names and addresses of all persons elected to office shall be forwarded by the Secretary to the Commissioner.

77. CODE OF CONDUCT

- a) The officers of the Sacco shall comply with governance rules as prescribed by the ethics commission for cooperatives.
- b) The Sacco shall formulate a code of conduct for the Board of Director in accordance with third schedule of the regulations which shall be approved by the Commissioner.

78. AUTHORIZATION TO SIGN DOCUMENTS

Unless declared otherwise by the Annual Delegates Meeting, all documents contracts and cheques shall be signed on behalf of the Society by the executive Directors and such other member or officer of the Society as the Board of Directors may elect and counter signed by the Chief Executive Officer.

79. DISPOSAL OF SURPLUS

Subject to the Act, and approval of the Annual Delegates Meeting, the net surplus resulting from operations of the Society during any financial year shall be disposed as follows: -

- a) Not less than 20% shall be credited to the reserve fund.
- b) The balance may be disposed of as decided by the Annual Delegates Meeting for:
 - i) Paying dividend on shares at a rate decided by the Annual Delegates Meeting
 - ii) Paying interest to members on record at the close of the financial year in proportion to the interest paid by them during the financial year.
 - iii) Being carried forward to an education fund or any other fund or funds of the Society, including the appropriations account.
 - iv) Paying gratuity or honorarium to retiring officers or bonuses to employees of the Society.
 - v) After making the required allocation as to the reserve fund, applying an amount not exceeding 10% of the remaining net balance to any reputable charity purpose.

80. LOANS TO MEMBERS

- a) All loans shall be approved by the Credit Committee and shall be restricted to members only subject to the conditions laid down in the Society's by-laws and loan policy.
- b) The Management Board shall formulate loaning policy which shall guide the issuance of loans to Members of the Society.
- c) At every regular meeting of the Board of Directors the item loans shall appear on the agenda. At the meeting, the National Treasurer shall present an up-to-date listing of delinquent borrowers showing: -
 - i) Name of borrowers
 - ii) Account number
 - iii) Date of loan
 - iv) Date of last payment
 - v) Unpaid balance of loan.
 - vi) Number of months' delinquent

- vii) Borrowers share balance
- viii) Security, or guarantor, if any.

The Board of Directors shall there upon take action to collect the overdue accounts. Any loan three months overdue may be referred to the guarantor(s) to make good.

81. INTEREST ON LOANS

The rate of interest on loans shall be approved by the Board of Directors, provided it does not exceed prevailing market rate.

82. ESTABLISHMENT OF FRONT OFFICE

- a) The Society may decide to operate front office services, and shall after a resolution of the delegates meetings apply in writing to the Commissioner for authorization and comply with the relevant provisions in the Act and the Rules.
- b) The Society shall ensure full compliance with all the regulations set by the law.
- c) Savings facilities offered at the front office shall include ordinary savings account, children's accounts, holiday accounts, Christmas accounts, fixed deposit accounts, amongst others that may be recommended by the Board without violation of these by-laws, the Act and the Banking Act.
- d) The credit facilities to be offered shall include but not limited to advances, micro finances, and FOSA personal loans without jeopardizing the liquidity position of the Front Office

83. MEMBER STATEMENT

- a) Every member shall receive a statement which shall contain full particulars of his membership, and in which shall be recorded, his personal details e.g. Name, Society, Membership Number and Identification (ID) number. A member Statement of Account showing the member's savings balance, names and ID number signed by a duly authorized officer shall be conclusive evidence that the person named therein is a member of the Society and shall constitute a certificate of savings, unless, it is proved otherwise. If such a book is lost, issuance of a duplicate may be authorized by the Board of Directors upon repayment of a fee as the Committee may decide.
- b) For payment of member's shares and deposits and for loan repayment, the Board of Directors may direct that a periodic "statement of account" containing a record of the members' transaction with Society, in the same form as a pass card, shall be used instead of the Pass Book. Such Statement of account shall be sent to every member not less frequently than once every six months. When the Statement of Account is used, every member shall be issued with a membership Identification Card. Provided that this procedure shall apply whether the member pays by "check off" or any other method approved by the Board of Directors.

84. COMMON SEAL

The Society may adopt and use a common seal. The seal shall bear the word “**USHURU SAVINGS AND CREDIT CO-OPERATIVES SOCIETY LTD.**” and shall be different from the ordinary name-stamp of the Society. The seal shall be kept securely under lock and key by the National Treasurer and shall be used only by, and in the presence of, the members of the executive Committee or other members of the Board of Directors authorized to sign documents/s on behalf of the Society.

85. FINE (S) FOR BREACH

If any member defaults in complying with the provisions of the act, regulations, policies and these by-laws he shall be guilty of an offence and shall be liable to a fine not exceeding Kshs. 20,000 for every day during which default continues

86. DISPUTES

- (a) Any disputes arising out of these By-laws or concerning the business of the Society, which cannot be settled amicably by the Board, Committee or the Annual Delegates Meeting shall be referred to the Co-operative Tribunal.
- (b) In the case of debts due to the Society from a member or debts owing to a member or past members by the Society and if any dispute concerning the business of a Co-operative Society arise: -
 - i. Among members, past members and persons claiming through members past members and deceased members, or
 - ii. Between members, past members or deceased members and the Society, its Committee or any officer of the Society, or
 - iii. Between the Society and any other cooperative Society.
 - iv. It shall be referred to the Cooperative Tribunal under section 76 of the Co-operative societies Act.
- (c) Alternative Dispute Resolution Mechanism shall be exhausted before any case is referred to the Tribunal.

87. PAYMENTS

- a) The Society may upon approval of delegates meeting pay any of its officers or members such honorarium, salary, commission or payment subject to the expenditure shall be authorized by the Board of Directors for payment unless it is provided for in the estimates formally approved by the delegates meeting.
- b) Any officer or member of Society who receives any remuneration, salary, commission or any other payment in contravention of this act shall be guilty of an offence and liable to a fine not exceeding one hundred thousand shillings or to imprisonment for a term not exceeding two years, or to both such fine and imprisonment; and shall, if the offence is a contravention of this by-law, be ordered to repay the amount of the remuneration, salary, commission

or other payment received from the Society in addition to or in lieu of any other punishment and in default such payment shall be dealt with in the same manner as default in paying a fine imposed by a court and as provided under sec 89 of the Act.

88. CONFIDENTIAL OATH

- a) The Board of Directors and employees of the Society shall hold in the strictness, confidence all transactions of the Society with its members and all information respecting their personal affairs.
- b) No Directors or the executive officers, or employee of the Society shall in any manner participate in the deliberations upon, or determination of any question affecting his own financial or personal interest

89. CONFLICT OF INTEREST

Every Director and employee of the Society shall be required, before taking part in any business transaction which the Society may be about to discuss or initiate, to disclose any personal interest in the matter and shall not take part in any discussion on the Business. The Director or employee shall physically absent himself/herself from the discussion unless it is determined that the individual has relevant information to provide. Failure to divulge this information shall result in suspension from office or any other disciplinary action.

90. MISCELLANEOUS

- a) No member of the Board of Directors or Supervisory Committee shall receive from the Society any payment, apart from the actual costs of travelling and subsistence, sitting allowances and honorarium, while working on the Society's business.
- b) The members of the Board of Directors, Supervisory Committee, members of the sub-Committees and employees of the Society shall hold in the strictest confidence all transactions of the Society with its members, and all information in respect of their personal affairs except to the extent deemed necessary by the Board of Directors in connection with making of loans and collection thereof.
- c) When any DIRECTOR is absent, disqualified or otherwise unable to perform his duties, the Board of Directors may co-opt another member or members of the Society to act and serve on the Committee concerned when necessary in order to form a quorum until the next Annual Delegates Meeting which will confirm or otherwise ratify such a co-option.
- d) No Director, Supervisory Committee or employee of the Society shall in any manner participate in the deliberations upon or determination of any question affecting his own financial interest. In the event of disqualification of any such officials, Director or employee, he shall withdraw from such deliberation, and the remaining qualified Director present at the meeting, if constituting a quorum may exercise with respect to the matter, all the power of the Committee.

91. INSPECTION OF DOCUMENTS

All books and other records shall at all times be available for inspection to all Board members of the Society, Supervisory Committees, the auditor, and the Commissioner or his authorized representative. A copy of the Co-operative Society's Act, the Co-operative Societies Rules, the Society's registration certificate, these by-laws and list of members shall be available for inspection by any member.

The Commissioner may from time to time carry out impromptu inspection into the affairs of a Co-operative Society.

92. INVESTMENTS

- a) The Society shall invest its fund in core business, except with the approval of the Commissioner as may be applicable, and the delegates meeting through a special resolution.
- b) Where the Society invests in real estate other than for its own accommodation, it shall not hold more than Twenty percent (20%) of the equity in the investment or expend a sum exceeding twenty-five percent (25%) of its share capital in such venture as provided for in the rules.

93. RETURNS

- a) The Co-operative Society shall file annual return required to be filed pursuant to section 25 of the Act, shall be in Form IVA set out in the schedule to rules and shall be filed with the Commissioner within 4 months after the closure of the financial year.
- b) The Co-operative Society receiving deductions from employers shall file monthly remittance returns in form V1B set out in the schedule to the rules not later than the fifteenth day to the Commissioner.
- c) The Co-operative Society shall send notification of maximum liabilities fixed by the Annual Delegates Meeting to the Commissioner in form V111 set out in the schedule to the rules.
- d) The Co-operative Society shall send notices of meetings with agenda and minutes to the Commissioner and any other returns, which shall be required.

94. AMENDMENT OF BY-LAWS


These by-laws shall not be amended except by a Delegates meeting of the Society in accordance with section 8 of the Co-operative Societies Rules of 2004 and no amendment shall become effective until registered by the Commissioner for cooperatives development.

95. ACQUISITION OF BY-LAWS

Any person may purchase a certified copy of these By-laws from the registered office of the Society upon payment of a fee not exceeding the actual cost. For purposes of this provision a copy of the By-laws shall be deemed duly certified provided the authorized signatories have endorsed as indicated in these By-laws.

96. ACCEPTANCE

We the undersigned Executive Committee members of Ushuru Savings and Credit Co-operative Society Ltd., do hereby accept and adopt these By-laws for and on behalf of the Society, together with any changes or alterations that have been initiated or signed by us.

NATIONAL CHAIRMAN: 

Date 28/04/2021

NATIONAL V/CHAIRMAN: 

Date 28/6/2021

NATIONAL HON. SECRETARY: 

Date 28/04/2021

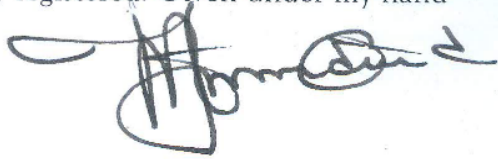
NATIONAL TREASURER: 

Date 28/04/2021

97. OFFICIAL CERTIFICATION

I CERTIFY that the foregoing By-laws of the USHURU Savings and Credit Co-operative Society Limited have been approved and duly registered. Given under my hand at Nairobi this 14th Day of December 2021

DAVID K. OBONYO



COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

APPENDIXES

FORM I
THE CO-OPERATIVE SOCIETIES ACT

The Secretary P.O Box NAIROBI

APPLICATION FOR MEMBERSHIP

I _____ of P.O Box _____

hereby make application for membership of USHURU SACCO LIMITED and undertake to be bound by the Co-operative Societies Act and Rules of the Society's By-laws and regulations and the decisions of the Society's delegates meetings and Committees.

I also declare that am not a member of any other Savings and Credit Co-operative Society. NAME _____

CURRENT ADDRESS _____

NATIONALITY _____ ID No. _____ DATE OF

BIRTH _____ OCCUPATION _____

_____ P/No. _____ EMPLOYER _____

_____ HOTEL/LODGE _____

DESIGNATION _____ DEPARTMENT/SECTION _____

TERMS OF EMPLOYMENT _____ HOME

POSTAL ADDRESS _____ DISTRICT OF

ORIGIN _____ DIVISION _____

_____ LOCATION _____

_____ SUB-LOCATION _____ VILLAGE _____

_____ Are you a member of any other Co-operative Society YES/NO (Delete whichever is not applicable).If YES state:-

Name of Society _____ MEMBERSHIP

No. _____ Year membership ceased _____

Reasons for cessation of membership _____

I _____ Hereby declare that the information furnished above is true and I understand that the truth of this information shall form the basis of my membership in the Society.

Applicant's signature _____ Date _____

USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

NOMINEE FORM

I-----M/No.----- Of P.O Box -----ID No.-

Hereby nominate the following as my nominee (s) in accordance with the Co-operative societies rules 2004:

- 1. -----of-----percentage-----
- 2. -----of-----percentage-----
- 3. -----of-----percentage-----
- 4. -----of-----percentage-----
- 5. -----of-----percentage-----

In the event either nominee is unable or unwilling to take up his dues when called upon, or pre-deceases me that nominee’s dues shall be distributed to the other nominees in equal proportion.

This appointment is made at-----this----- Day of -----by the forenamed----- Signed-----Date----- AND WITNESSED BY:-

- 1. Name of witness-----ID No. ----- Signature. -----Date. -----
- 2. Name of witness-----ID No. ----- Signature. -----Date. -----

**THE CO-OPERATIVE SOCIETY ACT, 2004
CERTIFICATE OF RESOLUTIONS**

At a delegates meeting of the members of_____

duly convened and held at_____ the following resolution was duly passed: THAT BY_LAWS OF THE SOCIETY BE AMENDED AS FOLLOWS :-THE DRAFT BY-LAWS OF USHURU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED PRESENTED AT THE MEETING BE REGISTERED AND ADOPTED AS THE NEW BY-LAWS OF THE SOCIETY.

CERTIFIED that the above is a true copy of the resolution duly recorded as resolution No_____

_____of_____under the provisions of Section 8 of the co-operative societies act and that there were _____paid up members present at the meeting of whom _____voted in favour.

Authorized to sign under

National Chairman_____ National Honorary Secretary_____ National
Treasurer_____ Date_____

CERTIFICATE OF AMENDMENT OF BY-LAWS

We _____ Chairman and Secretary of* _____
_____ Co-operative Society limited hereby certify-

1. That the enclosed amendment for the by-laws was made at a Delegates meeting held on---

_____ 2. That on that date there were _____
_____ members of the Society of whom _____
_____ were present in the meeting;

3. That _____ members voted for the amendment were issued to all members of the Society;

_____ Chairman
_____ Secretary

FOR THE YEAR.....

(to be submitted within four months of the financial year)

1. Name of the co-operative Society.....
2. Registration numberDate of registration.....
3. Registration address
4. Type of Society
5. The liability of members is
- a. Limited to the nominal value for each share held;
- b. Limited to time the nominal value of each share held c. Unlimited.
6. The number of members of the Society is.....
7. The number of shares issued is.....
8. The nominal value of one share is Kshs.....
9. The maximum liability, which the Society may incur in loans or deposits, is Kshs.....
10. The total indebtedness of the Society secured by registered charge is Kshs
11. The date the last Annual Delegates Meeting was held
12. Particulars of offices for the financial year fromtoAre as follows

<i>Title of office</i>	<i>Name of holder</i>
1.....
2.....
3.....
4.....
5.....
6.....
7.....
8.....
9.....
10.....
11.....
12.....

13. A certified true copy of the audited accounts and balance sheet is filed herewith. Date thisday of20.....

(Signed)..... Chief Executive Officer

FORM V
THE CO-OPERATIVE SOCIETIES ACT
INDEMNITY
TO A CO-OPERATIVE SOCIETY

To:
.....
.....

In consideration of your giving or continuing to give an indemnity of Kshs.....
In words.....

Ijointly and severally for myself and my legal personal representatives, successors and assigns herein:

- a) Agree to keep indemnified against all actions, proceedings, liability, claims, losses, damages, costs and expenses arising from action and omissions as a consequence of my role in the misManagement of the resources of the co-operative Society in my capacity as a Member the Committee / Board;
- b) Irrevocably authorize you to offset the liability, losses, damages, costs and expenses by attaching my shares, deposits, personal property and other personal assets without prior reference to me;
- c) Irrevocably authorize you to make any payments and comply with any demands which may be claimed from or made upon you under the said indemnity without any further reference to or further authority from me and agree that it shall not be incumbent upon you to inquire whether or not any dispute exist between myself and the beneficiary of the said indemnity and further agree that any payment in accordance or purporting to be in accordance with the said indemnity shall be binding on me and shall be accepted by me as a conclusive evidence that you were liable to make such payments or comply with such demands and further that you may at time determine the said indemnity; and
- d) Irrevocably authorize you to: -
 - i. Debit my share / deposit account with Kshsand to hold this amount as security margin against a liability under the said indemnity until such time as the same may discharge;
 - ii. And / or agree to undertake to deposit with you upon request made by you at any time until the same indemnity shall have been released such or other securities as may be acceptable to you in full or part of your liability

under indemnity.

Signed thisDay of..... Desponded by
me.....

Before.....
.....

Commissioner for oaths