

Bylaw Requirements

Cooperatives Act

April 2002

This document does not apply to extra-provincial cooperatives continuing or registering under the *Cooperatives Act* as the bylaws in their own jurisdictions apply.

This document identifies what must be and what may be included in bylaws for cooperatives that are continuing, or incorporating under Alberta's *Cooperatives Act* and includes the additional requirements for housing, multi-stakeholder, employment and new generation cooperatives.

The *Cooperatives Act*, which came into effect April 1, 2002, does not include standard bylaws. However, the Act and Cooperatives Regulation identify what must be and what may be included in your bylaws.

The bylaws govern cooperative's internal operations. The Act, regulation and Articles of Incorporation take precedence over the bylaws if there is a conflict between them.

The cooperative's board of directors is responsible for ensuring the bylaws are developed, presented and voted on by the membership. Bylaws do not have to be submitted with continuance or incorporation documents but cooperatives must meet the deadlines for filing their bylaws with the Director of Cooperatives.

Bylaw deadline for new incorporations

The directors must hold a meeting of members within 180 days of the issuance of the Certificate of Incorporation to make the bylaws. The bylaws come into force the day they are made, or on any later day specified in the bylaws or in the resolution adopting them. Bylaws are binding on both the cooperative and its members.

Bylaws must be filed with the Director within 60 days of the date they come into force. They must be signed by the directors and must have an attached Affidavit of Execution verifying the signatures. Every member and investment shareholder is entitled to receive a copy of the cooperative's bylaws at no charge, once a calendar year.

Bylaw deadline for existing cooperatives

Members of cooperatives continuing under the *Cooperatives Act* must meet to make bylaws within a year of the Certificate of Continuance being issued, or at the next annual meeting of the cooperative which ever occurs first. The cooperative may also call a special meeting to make the bylaws.

The bylaws come in force on the day they are filed with the Director of Cooperatives. Bylaws are binding on both the cooperative and its members.

Bylaws must be filed with the Director within 60 days of the date they are made. They must be signed by the directors and must have an attached Affidavit of Execution verifying the signatures. Every member and investment shareholder is entitled to receive a copy of the bylaws of the cooperative at no charge, once a calendar year.

The bylaws made under the *Co-operative Associations Act* remain in effect until the new bylaws are filed with the Director of Cooperatives. The new bylaws come into force at that time. The Act, regulation and Articles of Incorporation take precedence over the bylaws if there is a conflict between them.

How to use this document

The following chart organizes bylaw requirements in the categories listed below. Each category contains a statement about the requirement and identifies the section of the *Cooperatives Act* or the Cooperatives Regulation that applies. Cooperatives can use the fourth column, 'Bylaw cross reference,' as a reference when creating or amending bylaws.

Membership and member
Directors and officers
Meetings
Investor shares
Patronage
Voting and voting rights
Other.

If you need more information about bylaws, please contact us at
Phone: Edmonton: (780) 427-5210
Toll free in Alberta: dial 310-0000 and follow the instructions.
e-mail: service.alberta@gov.ab.ca

**Membership/Member
Mandatory Requirements – Apply to all cooperatives**

| Topic | Act Section Number | Reg. Section Number | Bylaw cross reference |
|---|-----------------------------------|------------------------------------|--------------------------------------|
| <ul style="list-style-type: none"> Requirements, qualifications and procedures for membership | 32 33(1)(a) 33(1)(c) | 45(a) 45(b) | |
| <ul style="list-style-type: none"> Requirements for joint membership | 33(3) 33(4) | | |
| <ul style="list-style-type: none"> Cessation or withdrawal of membership including terms and conditions on which membership can be terminated Determining the value and disposition of the member's interest in the cooperative | 36(1) 36(2) | 45(i) | |
| <ul style="list-style-type: none"> Rights and obligations of members | | 45(c) | |
| <ul style="list-style-type: none"> Auxiliary members | | 45(d) | |
| <ul style="list-style-type: none"> Transferring or assigning a member's interest | | 45(e) | |
| <ul style="list-style-type: none"> Minimum number of shares for membership | 102(1) | | |
| <ul style="list-style-type: none"> Cooperatives holding their own shares | 126(1)(b)(i) | | |
| <ul style="list-style-type: none"> Other requirements for all housing cooperatives only – member's obligation to provide capital | 392(2) or 402(2)(a) | | |
| <ul style="list-style-type: none"> Other requirements for all housing cooperatives only – ending a membership | 396(1) or 402(2)(c) | | |
| <ul style="list-style-type: none"> Other requirements for home ownership cooperatives only – member's right to access, use, and possess related services and ancillary facilities | 402(2)(g) | | |
| <ul style="list-style-type: none"> Other requirements for all housing cooperatives only - determining member's equity or share value upon termination or dissolution | 392(2)(d) or 402(2)(d) | | |
| <ul style="list-style-type: none"> Other requirements for employment cooperatives only – ending a membership | 410(b) | | |

| Topic | Act Section Number | Reg. Section Number | Bylaw cross reference |
|---|--------------------|---------------------|-----------------------|
| <ul style="list-style-type: none"> • Other requirements for employment cooperatives only – probation for applicants | 410(d) | | |

Membership/Member
Optional Clauses – Apply to all cooperatives

| | | | |
|--|----------------------------|--|--|
| <ul style="list-style-type: none"> • Representation of members by delegates | 9(2)(a) | | |
| <ul style="list-style-type: none"> • Division of members into classes | 9(2)(b) | | |
| <ul style="list-style-type: none"> • Use of member lists • Member's right to be removed from list | 30(1) 30(2)(c) 30(4) | | |
| <ul style="list-style-type: none"> • Membership of individuals under 18 years of age | 35(1) | | |
| <ul style="list-style-type: none"> • Alternatives for redeeming membership shares and loans | 37(1) 44 | | |
| <ul style="list-style-type: none"> • Ability to shorten the time it takes for directors to end a membership • Members right to appeal | 38 39(1) 40(1) | | |
| <ul style="list-style-type: none"> • Readmission requirements for members terminated by the directors or by the membership | 47(1) 47(3) | | |
| <ul style="list-style-type: none"> • Requirements for transferring member interest after the death of a member or joint member | 48(2) 48(4) | | |
| <ul style="list-style-type: none"> • Issuing membership certificates | 103(1) | | |
| <ul style="list-style-type: none"> • Enforcing a charge on a membership share, membership loan or amount outstanding to the credit of a member | 107(2)(a) | | |
| <ul style="list-style-type: none"> • Other requirements for employment cooperatives only – extending a terminated member's appeal period | 411(1) | | |
| <ul style="list-style-type: none"> • Other requirements for new generation cooperatives only – extending the time a cooperative has to redeem membership shares or repay loans | 425 | | |

| Topic | Act Section Number | Reg. Section Number | Bylaw cross reference |
|--|--------------------|---------------------|-----------------------|
| • Other requirements for new generation cooperatives only – calculating patronage returns | 428(2) | | |
| • Other requirements for new generation cooperatives only – limiting directors' discretion re: transferring a member's interest | 429(c) | | |
| • Other requirements for new generation cooperatives only – limits the transfer of member interest | 426 | | |

Directors/Officers
Mandatory Requirements - Apply to all cooperatives

| | | | |
|--|-------|-------|--|
| • Election or appointment of first directors | 55(2) | | |
| • Selection, qualifications, terms of office and removal of directors and members of committees of directors | | 45(f) | |

Directors/Officers
Optional Clauses - Apply to all cooperatives

| | | | |
|---|-------------------|--|--|
| • Designate as an officer of cooperative by bylaw | 1(1)(ii) | | |
| • A person's right to elect or appoint more than one director | 51(2) | | |
| • Additional qualifications or disqualifications of directors | 52(2) | | |
| • Additional rules for electing or appointing directors | 57(1) | | |
| • Additional provisions for electing or appointing directors to fill a vacancy on the board | 60(1) 62 64 | | |
| • Remuneration for directors, officers and employees of the cooperative | 92 | | |
| • Directors may designate the types of offices held and their functions. | 93 | | |

Bylaw Requirements Reference Guide
Service Alberta
April 2002

This information is intended to provide general information and is not a substitute for legal advice. You may want to consult with a lawyer who is familiar with cooperative law.

| Topic | Act Section Number | Reg. Section Number | Bylaw cross reference |
|--|--------------------|---------------------|-----------------------|
| <ul style="list-style-type: none"> Alternate provisions respecting borrowing powers of directors. | 119 | | |

Meetings

Mandatory Requirements –Apply to all cooperatives

| | | | |
|--|---------------------|-------|--|
| <ul style="list-style-type: none"> Location of Directors' meetings | 69(1) | | |
| <ul style="list-style-type: none"> Voting requirements for electronic meetings | | 45(j) | |
| <ul style="list-style-type: none"> Other requirements for all housing cooperatives only – notice period for meeting re: budget & fees or housing charges | 392(f) or 402(2)(k) | | |
| <ul style="list-style-type: none"> Other requirements for housing cooperatives only – requirements for meeting to approve admission to membership | 392(i) or 402(2)(n) | | |

Meetings

Optional Clauses – Apply to all cooperatives

| | | | |
|---|-------|-------------------|--|
| <ul style="list-style-type: none"> Alternate meeting locations | | 17(1) | |
| <ul style="list-style-type: none"> Alternative methods for participating in a meeting | | 17(2) 17(3) | |
| <ul style="list-style-type: none"> Allows electronic directors' meetings | 75(1) | | |
| <ul style="list-style-type: none"> Notice requirements for investment shareholder meetings | | 20(3) | |
| <ul style="list-style-type: none"> Changing record date requirements | | 23(1) | |
| <ul style="list-style-type: none"> Changing record date's advertising requirements for investment shareholders | | 23(2) | |
| <ul style="list-style-type: none"> Percentage of voting rights required to requisition a meeting | | 26(1) 26(2) | |
| <ul style="list-style-type: none"> Method of calling a meeting | | 27(2) | |
| <ul style="list-style-type: none"> Submitting proposals | | 30(6) 30(7)(f) | |
| <ul style="list-style-type: none"> Quorum for member or investment shareholder meetings | | 34 35 | |

| Topic | Act Section Number | Reg. Section Number | Bylaw cross reference |
|---|--------------------|---------------------|-----------------------|
| <ul style="list-style-type: none"> Alternatives to written resolutions instead of meetings | | 40(1) 40(2) | |
| <ul style="list-style-type: none"> Alternative to the 10-day notice period for directors' meetings | 69(2) | | |
| <ul style="list-style-type: none"> Alternatives to quorum provisions for directors' meeting | 73 | | |

Investor Shares

Optional Clauses – Apply to all cooperatives

| | | | |
|---|--------|--|--|
| <ul style="list-style-type: none"> Enforcing a charge on investment shares | 113(2) | | |
| <ul style="list-style-type: none"> Power to issue investment shares | 117 | | |

Patronage

Optional Clauses – Apply to all cooperatives

| | | | |
|--|----------------------------|----------------------|--|
| <ul style="list-style-type: none"> Sets rate for patronage returns to non-members who use services | 137(1) 137(2) 137(4) | | |
| <ul style="list-style-type: none"> Percent of patronage return to be applied to share purchase Member requirement to lend the return to the cooperative, and setting the interest rate | 138(1) 138(2) 139 | | |
| <ul style="list-style-type: none"> Exceptions to special business that cannot be discussed at a special or annual meeting | | 24(1)(f) 24(1)(i) | |

Voting/Voting Rights

Mandatory Requirements – Apply to all cooperatives

| | | | |
|--|-----------|--|--|
| <ul style="list-style-type: none"> Permits cumulative voting by investment shareholders | 115(3)(c) | | |
|--|-----------|--|--|

Voting/Voting Rights

Optional Clauses – Apply to all cooperatives

| | | | |
|---|----|-------|--|
| <ul style="list-style-type: none"> Voting rights for delegates | 34 | 33(1) | |
|---|----|-------|--|

| Topic | Act Section Number | Reg. Section Number | Bylaw cross reference |
|---|--------------------|---|-----------------------|
| <ul style="list-style-type: none"> Vote by members only to fill vacancy in office of auditor | 239(3) | | |
| <ul style="list-style-type: none"> Shorter alternative to the 10-day notice requirement to which a transferee of investment shares can request to be included in the list for eligible voters before the meeting | | 33(5)(b) | |
| <ul style="list-style-type: none"> Alternatives to joint voting by members and shareholders | | 37 | |
| <ul style="list-style-type: none"> Alternative voting methods Electronic voting | | 38(1)(a) 38(1)(b) 38(2) 38(3) 39(1) | |
| <ul style="list-style-type: none"> Determining a quorum for voting | | 34 35 | |

Other

Mandatory Requirements – Apply to all cooperatives

| | | | |
|--|------------------------------|-------|--|
| <ul style="list-style-type: none"> How a liquidator must provide notice to affected people | 323(4) | | |
| <ul style="list-style-type: none"> Distribution of any surplus funds of the cooperative | | 45(g) | |
| <ul style="list-style-type: none"> Define the relationship if a cooperative is acting as an agent for its members | | 45(h) | |
| <ul style="list-style-type: none"> Other requirements for all housing cooperatives only – a procedure to determine disputes, including a mediation process | 392(2)(b) or 402(2)(b) | | |
| <ul style="list-style-type: none"> Other requirements for home ownership cooperatives only – requirements for selling a self-contained housing unit | 402(2)(e) | | |

