



**Fair
Trading**

Formation Meeting For a Co-operative

**Procedures and Steps
for holding the Formation Meeting**

Registry of Co-operatives & Associations
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BATHURST

THE FORMATION MEETING

INTRODUCTION

Division 2 of Part 2.1 of the *Co-operatives National Law (NSW)* (CNL) sets out the requirements to be complied with before a proposed co-operative can be registered. Before a proposed co-operative can be registered, a formation meeting must be held and at the formation meeting:

- 1) the proposed rules of the co-operative approved under Section 24 of the CNL in respect of the proposed co-operative, including active membership provisions; must be passed by two-thirds of the proposed members of the proposed co-operative attending the meeting; and
- 2) in the case of:
 - a) a proposed distributing co-operative; or
 - b) a proposed non-distributing co-operative that is the subject of a direction under section 23(2)(a) of the CNL;
a formation disclosure statement approved in under section 25 of the CNL, for the purpose of ensuring that prospective members are adequately informed of the nature and extent of their financial involvement or liability as members of the co-operative must be presented to to the meeting;
- 3) the proposed members of the proposed co-operative must sign the application for membership;
- 4) the proposed members must elect the first directors of the proposed co-operative under the proposed rules; and
- 5) the proposed members must authorise a person to apply to the Registrar for registration of the proposed co-operative.

SUGGESTED STEPS FOR HOLDING A FORMATION MEETING

PRELIMINARY

After the draft rules and the draft disclosure statement (if applicable) have been reviewed by the Registry and the appropriate approval given in writing, the formation meeting may be held. Also at this stage the a Form C4 will be sent to you by the Registry:

Once the formation meeting has been called and the required minimum number of five (5) suitably qualified persons are in attendance, the meeting may proceed. A person is suitably qualified only if there are reasonable grounds for believing that the person will be an active member of the proposed co-operative, satisfies any other requirements for membership in the proposed rules and, in the case of a natural person, the person is an adult.

STEP 1

A chairperson and a secretary of the meeting should be elected.

STEP 2

The secretary of the meeting should take minutes of the meeting.

STEP 3

The chairperson of the meeting is responsible for the orderly conduct of the meeting. The chairperson should briefly outline to prospective members:

- (1) the order of proceedings at the formation meeting; and
- (2) pertinent details of documents presented to prospective members at the meeting.

The documents to be presented to prospective members at the meeting are referred to above under the heading "Introduction". The form referred to under the heading "Preliminary" will also need to be completed and signed at the meeting, if a decision to go ahead with the formation is reached.

STEP 4

Once the prospective members have considered the formation documents, passed the Rules by a two-thirds majority, and the decision is made to proceed with the formation, Application for Membership Forms should be completed, signed and witnessed. This becomes a contract between members and the co-operative, whereby members agree to abide by the rules of the co-operative and pay charges. These forms are retained by the co-operative.

STEP 5

The first directors are then elected by the members. The chairperson and secretary of the co-operative can also be elected at this meeting or at the first board of directors meeting.

STEP 6

The next step is the completion of documentation as follows:

1) Rules

The chairperson and the secretary of the formation meeting certify two copies of the rules (see final page of rules).

2) Disclosure Statement (if applicable)

The chairperson and the secretary of the formation meeting certify one copy of the Disclosure Statement in the manner required (see final page of the Disclosure Statement).

3) Application for Registration of a Co-operative

This Form C4 is completed and signed by five (5) persons (including at least 2 directors) who have completed the application for membership. This will include the details of all the directors of the co-operative (additional pages may be required).

STEP 7

Within two (2) months of the formation meeting the registration documents, referred to in Step 6 above, must be sent to the Registry. The prescribed fee must accompany the registration documents.

STEP 8

When the registration documents are received, together with the fee, they will be checked and if the requirements of the CNL have been met the co-operative and its rules will be registered. Once registered the co-operative will be sent a Certificate of Registration and one copy of the registered rules.

STEP 9

After registration of the co-operative, membership should be approved and in the case of a co-operative with share capital, shares paid and allotted. Once registered the co-operative can commence business and open a bank account in its own name.

For more information about co-operatives or the formation meeting, please contact:

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