In the Name of Allah,
the Beneficent, the Merciful

RULES OF

ISLAMIC CO-OPERATIVE FINANCE AUSTRALIA LIMITED

REGISTERED UNDER THE CO-OPERATIVES ACT 1992 (N.S.W.)

OFFICE COPY
Date .....

REGISTRY OF CO-OPERATIVES
Level 8, Bankstown Civic Tower
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BANKSTOWN NSW 2200

P O Box 3035
Bankstown, NSW 2200

DX 11250 Bankstown

(Code: P/S(PV): (Master)11/2/97)

DEFINITIONS

1.(a) In these rules, unless the context otherwise requires:

(i) "active member" means a member who is in active membership within the provisions of **Rule 14**.

(ii) "alter" or similar word or expression used in relation to a rule amendment includes add to, substitute, and rescind:

(iii) "auditor" means an auditor or auditors for the time being of the co-operative appointed in accordance with **Rule 105**.

(iv) "banking account" includes an account with a credit union or building society registered, or authorised to operate, under the Financial Institutions (NSW) Code into which the co-operative's monies may be paid;

(v) "director" means any director of the co-operative for the time being and any deputy director acting in the absence of a nominating director under **Rule 96**.

(vi) "business day" means a day that is not a Saturday or Sunday or a public holiday or bank holiday in New South Wales;

(vii) "CCU" means Co-operative Capital Unit issued in accordance with these rules;

(viii) "financial year" means the financial year of the co-operative as specified in **Rule 102**.

(ix) "may" or a similar word or expression used in relation to a power of the board indicates that the power may be exercised or not exercised at the board's discretion;

(x) "member" means a member of the co-operative;

(xi) "month" means calendar month;

(xii) "postal ballot" includes a special postal ballot;

(xiii) "prescribed" means prescribed by the Act or under the Act by Regulation;

(xiv) "provision" in relation to the Act, means words or other matter that form or forms part of the Act, and includes:

(a) a chapter, part, division, subdivision, section, subsection, paragraph, subparagraph, sub-subparagraph or schedule of or to the Act; and

(b) a section, clause, subclause, item, column, table or form of or in a schedule to the Act; and

(c) the long title and any preamble to the Act.

(xv) "regulation" means a regulation made under the Act, and any regulation that applies to a co-operative by way of a transitional regulation made under the Act;

(xvi) "relevant interest" has the same meaning as given in Schedule 2 of the Act;

(xvii) "rules" mean the registered rules of the co-operative as amended from time to time and reference to particular rules has a corresponding meaning.

(xviii) "shall" or a similar word or expression used in relation to a power of the board indicates that the power must be exercised, subject to the Act or the rule granting the power;

(xix) "special resolution" means a resolution which is passed in accordance with **Rule 76;**

(xx) "the board" means the whole or any number of the directors assembled at a meeting of the Directors or transacting business in accordance with **Rule 87**, being not less than a quorum or a majority, as the case may be;

(xxi) "the Act" means the Co-operatives Act 1992;

(xxii) "the co-operative" means **Islamic Co-operative Finance Australia Limited**

(xxiii) "the Law" means the Corporations Law;

(xxiv) "the Registrar" means the Registrar of Co-operatives or any person delegated the Registrar's functions;

(xxv) "the secretary" means any person appointed by the board as secretary of the co-operative pursuant to **Rule 100;**

(xxvi) "share" means share in the capital of the co-operative;

(xxvii) "the State" means the State of New South Wales;

(xxviii) "writing" includes printing, typing, lithography and other modes of representing or reproducing words in a visible form and "written" has a corresponding meaning;

(xxix) Words importing one gender include the other genders;

(xxx) Words importing persons include corporations;

(xxxi) Words in the singular include the plural, and vice versa;

(xxxii) Words or expressions used have the same meanings as those given to them by the Act.

DEFINITIONS - INTERPRETATION PROVISIONS

(b) A reference in these rules to "the Act" includes a reference to:

(i) the Act as originally enacted, and as amended from time to time since its original enactment; and

(ii) if the Act has been repealed since the inclusion of the reference in these rules - the legislation enacted in substitution of the Act (whether legislation of the State or Federal Parliament) and as amended from time to time since its enactment;

(c) A reference in these rules to a provision in "the Act" includes a reference to:

(i) the provision as originally enacted, and as amended from time to time since the original enactment;

(ii) if the provision has been omitted and re-enacted (with or without modification) since the enactment of the reference - the provision as re-enacted and as amended from time to time since its re-enactment; and

(iii) if the provision has been omitted and replaced with a new provision dealing with the same area of law or procedure - the new provision as enacted and as amended from time to time since its enactment.

(d) (i) In the interpretation of a rule, or paragraph of a rule, the interpretation that will best achieve the purpose of the rule is to be preferred to any other interpretation.

(ii) This provision applies whether or not the purpose is expressly stated in the rule or paragraph of the rule.

(e) In these rules, unless the context indicates a contrary intention;

(i) Headings are for convenience and do not affect interpretation.

(ii) The term "Interest" in this paper means profit and loss sharing on equity basis.

ISLAMIC CODE OF CONDUCT

In the interpretation of these rules, an interpretation which is consistent with the Islamic Code of Conduct is to be adopted rather than an interpretation which is inconsistent with or contrary to the Islamic Code of Conduct.

2. (a) The rules of the co-operative have the effect of a contract under seal:

(i) between the co-operative and each member;

(ii) between the co-operative and each director, the principal executive officer and the secretary of the co-operative; and

(iii) between a member and each other member;

Under the contract, each of those persons agrees to observe and perform the provisions of the rules as in force for the time being so far as those provisions are applicable to that person.

(b) (i) A person shall be entitled on demand to a copy of the rules upon payment of a sum not exceeding **$20**, or such other amount as the board may from time to time determine.

(ii) A person may inspect a copy of these rules free of charge at the registered office during ordinary business hours.

RULE ALTERATIONS

3. (a) The rules may be altered by a special resolution, by a resolution of the board in accordance with Section 112 of the Act or as otherwise permitted by the Act. No alteration to these rules takes effect until the alteration is registered by the Registrar.

(b) Where any rule is altered, by way of a board resolution under Section 112, the co-operative must cause the alteration to be notified, in writing, to members as soon as practicable after the alteration is registered and, in any event, not later than the date on which notice is given to the members of the next annual general meeting of the co-operative, following the registration of the alteration.

NAME

4. (a) The name of the co-operative shall be

ISLAMIC CO-OPERATIVE FINANCE AUSTRALIA LIMITED

(b) The co-operative may, in accordance with Section 259, change its name by way of a special resolution to a name approved of by the Registrar.

REGISTERED OFFICE

5. (a) The registered office of the co-operative shall be at

28 Debbie Circuit
MOUNT DRUITT NSW 2770

or such other place as the board of the co-operative may determine. The board shall notify the Registrar of any change of address of the registered office within 14 days after the change, and on the form approved by the Registrar.

(b) (i) The board may, with the Registrar's approval, pass a resolution to alter paragraph (a) to insert the new address of the registered office.

(ii) An application for registration of the board resolution shall be forwarded to the Registrar, together with the approved form notifying

the change of address, within 14 days of the passing of the board resolution altering paragraph (a).

(iii) Notice of the registration of alteration shall be given to members in accordance with Rule 3(b).

OBJECTS

6. The objects of the co-operative shall be:

(i) To establish an interest free economic and financial system according to the Islamic Code of Conduct or Law (Shari'ah) based on profit and loss sharing through the active participation of members;

(ii) To facilitate ownership of real and personal property for members within the confines of the Islamic Code of Conduct or Law;

(iii) To establish feasible joint venture or partnership agreements with members and similar organisations (both at National and International levels) to promote Islamic financial relations;

(iv) To prevent wealth accumulation and circulation in the hands of exclusive individuals with the aim of facilitating social justice and equitable distribution in the community.

(The objects rule may be deleted if the co-operative does not intend to adopt objects. However the co-operative must have a primary activity. See Rule **14)**

POWERS

7. (a) The co-operative shall have, both within and outside the State, the legal capacity of a natural person and have all the powers allowed by or under the Act.

(The co-operative may enumerate specific powers, if desired, but should include, after the word "Act", the words "including, but not limited to, the following powers" before the specific powers are listed under this rule.)

(b) The powers of the co-operative to:

(i) obtain financial accommodation; and

(ii) give security for the repayment of money,

shall be exercised subject to the Act, but otherwise unlimited by the rules.

7A (a) Members may (subject to rule 29) request the repurchase of share capital to the value of $1000 at call.

(b) Where the amount of share capital exceeds $1000, the co-operative will require at least ONE MONTH'S NOTICE. The Board may make an exception for any unexpected emergency situation, depending on the availability of funds and the requirements of rule 7, should a member need to have repurchased share capital above $1000.00.

(c) The co-operative shall maintain a reserve fund of $3000.00 in each month of its operation.

POWER TO FORM COMPANIES, ENTER JOINT VENTURES ETC

8. Without limiting the provisions of Rule 7, and subject to the provisions of the Law, the co-operative has power;

(I) to form or participate in the formation of a body corporate or unit trust;

(ii) to acquire interests in and sell or otherwise dispose of interests in bodies corporate, unit trusts and joint ventures; and

(iii) to form or enter into a partnership, joint venture or other association with other persons or bodies,

in furtherance of the co-operative's primary activity.

LOANS BY MEMBERS TO THE CO-OPERATIVE

9. (a) The co-operative may, in accordance with Section 268 of the Act, require its members to lend money to the co-operative, with or without security, in accordance with a proposal approved by the members by special resolution.

(b) The proposal shall be binding on members at the date of the passing of the special resolution and on all persons who become members of the co-operative after that date and before the total amount of the loan to be raised has been raised.

FUNDS ADMINISTERED BY THE CO-OPERATIVE

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9A (a) The Co-operative may establish the following funds:

(i) The Pilgrimage or Hajj fund;

(ii) Mutual Fund to establish fund for the purpose of providing funds for the purchase of real and personal property; and

(iii) Zakah Distribution Fund, and

(iv) any other fund or funds to provide financial facilities to members.

(b) The rules for the operation of each fund shall be determined by the board and shall be in accordance with the principles of Islamic Law.

(c) In the event that there is a dispute relating to the observance of the Shari'ah the board may obtain a *fatwa* (legal opinion) from a person or persons recognised in the Islamic community as having relevant expertise in relation to the matter, which shall be binding on the board and its members.

(d) The Co-operative must not use any assets of a fund to meet liabilities or expenses of the Co-operative or of any other fund, other than liabilities and expenses for which the fund is maintained.

(e) The investment or monies from a fund shall be in accordance with the Islamic Code of Conduct.

DEALINGS OF MEMBERS WITH CO-OPERATIVES

10. (a) The co-operative may, in accordance with Section 78 of the Act, make a contract with a member requiring the member to have specified dealings with the co-operative for a fixed period.

(b) The provisions of the contract may require a member:

(i) to sell products through or to the co-operative; or

(ii) to obtain supplies or services through or from the co-operative; or

(iii) to pay to the co-operative specified sums as liquidated damages for any failure to comply with a requirement authorised by this rule.

(c) The sum, if any, specified as liquidated damages is to be considered as a debt due to the co-operative and in respect of such debt, the co-operative has, pursuant to Section 80 of the Act, a charge on each of the following :

(i) the share or interest in the capital and the credit balance and deposits of the member or past member;

(ii) any dividend, interest, bonus or rebate payable to the member or past member;

(iii) any entry and periodic fees required to be repaid to a member when the member ceases to be a member.

The charge created pursuant to Section 80 of the Act shall be enforced in accordance with that section and Rule **43**.

(d) Nothing in this rule shall be interpreted as restricting the powers of the co-operative to enter into contracts with a member or members other than pursuant to the provisions of this rule.

SEAL

11. (a) The co-operative shall, as required by Section 258(1)(a) of the Act, have the name of the co-operative appear in legible characters on its Common Seal and on any Official Seal and the Australian Registered Body Number of the Co-operative, if required under the Law. The Common Seal shall be kept at the registered office in such custody as the board shall direct.

(b) The co-operative may, pursuant to Section 49 of the Act, have for use in place of its Common Seal outside the State, one or more Official Seals. Each of the additional seals must be a facsimile of the Common Seal with the addition on its face of the name of the place where it is to be used.

(c) The Common Seal of the co-operative shall not be affixed to any instrument except by resolution of the board. Two directors and the secretary must be present and must sign all instruments sealed while they are present. The board may appoint a person other than the secretary to perform this function.

(d) The person affixing the Official Seal must certify in writing on the instrument to which it is affixed, the date and place at which it is affixed.

CO-OPERATIVE MAY AUTHORISE AGENT OR ATTORNEY TO EXECUTE DEEDS

12. (i) The co-operative may, by writing under its Common Seal, empower its agent or attorney (either generally or in respect of a specified matter or specified matters) to execute deeds on its behalf.

(ii) A deed signed by such an agent or attorney on behalf of the co-operative and under the agent's or attorney's seal, or under the appropriate official seal of the co-operative, binds the co-operative and has effect as if it were under the Common Seal of the co-operative.

(iii) The authority of such an agent or attorney, as between the co-operative and a person dealing with the agent or attorney, continues during the period (if any) mentioned in the instrument conferring the authority or, if no period is so mentioned, until notice of the revocation or termination of the agent's or attorney's authority has been given to the person dealing with the agent or attorney.

(iv) Where an agent or attorney affixes an Official Seal to an instrument, the person must comply with Rule **11 (d)**.

CUSTODY AND INSPECTION OF RECORDS AND REGISTERS

13. (a) The co-operative must have at its registered office and available during normal office hours for inspection by any member or creditor free of charge the following:

(i) a copy of the Act and the regulations;

(ii) a copy of the rules of the co-operative;

(iii) a copy of the accounts of the co-operative and of each subsidiary of the co-operative, in respect of the financial year of the co-operative or subsidiary then last past, together with any report of the auditors or directors of the co-operative or subsidiary concerning those accounts;

(iv) the register of directors, members and shares;

(v) the register of loans to, securities given by, debentures issued by and deposits received by the co-operative;

(vi) the register of CCUs issued by the co-operative;

(vii) such other registers as are required by the Act or the Regulations to be open for inspection.

(b) Any person is entitled to inspect the register of members, directors and shares of the co-operative during normal office hours, and to make a copy of the entries therein for the fee of **$10.00.**

(c) The minutes of the meetings of the co-operative must be kept at the registered office and available for inspection by any member free of charge.

ACTIVE MEMBERSHIP PROVISIONS

14. In accordance with Part 6 of the Act:

(a) **to provide financial facilities for home and vehicle ownership to its members based on profit/loss sharing principle of Islamic Law and also provide other social and religious facilities such as Zakat distribution and pilgrimage to Makkah** is a primary activity of the co-operative; and

(b) a member shall

(i) (A) maintain funds with the co-operative to the value of $500 in any period of 12 months; or

(B) purchase at least five shares in each period of 12 months towards building a mutual fund for property ownership; and

(ii) attend the Annual General Meeting in person or by proxy; and

(iii) participate in administration of promotion and marketing activities of the co-operative for at least two hours a month in accordance with the policy made by the directors of the co-operative,

in order to establish active membership of the co-operative.

(c) for the purposes of:

(i) paragraph b(i), a member shall be deemed to maintain funds with the co-operative to the value of $500 if the person holds 5 shares during any period of 12 months as a result of a share repurchase pursuant to Rule 29; and

(ii) paragraph (b)(iii) the co-operative will maintain a register to record the performance of activities by members

(d) **The purpose of this primary activity is to facilitate members owning homes/properties and performing other social and religious obligations in an Islamic way without being involved with interest-bearing loans**

FORFEITURES AND CANCELLATIONS RELATING TO INACTIVE MEMBERS

15. (a) The board shall, after giving notice in accordance with Section 132 of the Act, declare the membership of a member cancelled if:

(i) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least 2 years before the date of cancellation; or

(ii) the member is not presently an active member and has not been an active member at any time during the past 2 years immediately before the date of cancellation.

(b) The board is to declare the shares of a member forfeited at the same time as the membership is cancelled and the amounts due in respect of that cancellation and forfeiture shall be dealt with and repaid in accordance with Sections 134 - 136 (inclusive) of the Act.

(c) The co-operative shall, in a form approved of by the Registrar, keep a register of memberships cancelled pursuant to paragraph (a), which shall specify the particulars prescribed in Schedule 3 of the co-operatives (General) Regulation 1993.

(d) The board shall not be required to give notice, under this rule, if the member's whereabouts are unknown to the co-operative and the amount required to be repaid to the member in respect of the cancelled membership (whether by reason of the cancellation of share or otherwise) does not exceed $50, or such other amount as may be prescribed.

QUALIFICATIONS FOR MEMBERSHIP

16. A person is not qualified to be admitted to membership of the co-operative unless the board has reasonable grounds for believing that the person will be an active member under Rule **14**.

APPLICANTS FOR MEMBERSHIP TO BE GIVEN NOTICE OF ENTRY AND PERIODIC FEES

17. The co-operative must supply, with each application for membership, a written notice of any intending or prescribed entry or periodic fees that a person will be liable to pay on becoming a member of the co-operative.

APPLICATION FOR MEMBERSHIP AND SHARES

18. (a) Applications for membership, shares or bonus or additional shares shall be lodged at the registered office, in or to the effect of the form approved by the board, together with the amount required to pay the shares fully, or if the shares are to be issued partly paid, a deposit of **$10** in respect of each share applied for, unless the shares are to be issued in accordance with Rule **22.**

(b) Every application shall be considered by the board. If the board approves of the application, the board shall allot the shares applied for. The applicant's name together with the number of shares allotted, date of allotment and any other information required by or under the Act shall be entered in the register of members. The applicant shall be notified in writing of the allotment and of the entry in the register and shall then be entitled to the privileges attaching to membership, or to the holding of shares, or bonus or additional shares, as is appropriate to the case.

(c) The board may, at its discretion, refuse any application for membership or shares, other than additional shares the subject of a compulsory issue under Rule **28**, and need assign no reasons for such refusal. Upon refusal the applicant's deposit shall be refunded without interest.

(d) In considering an application for membership pursuant to this rule, the board must ensure that a person who is not qualified for membership of the co-operative under Rule **16** is not admitted as a member.

(e) A membership application form must be properly completed and accompanied by:

(i) the membership entry or re-entry fee of $100.00; and

(ii) the amount for shares subscribed for on membership to the co-operative.

MEMBERS OF THE CO-OPERATIVE

19. The members of the co-operative are:

(a) those persons who signed the application for registration of the co-operative; and

(b) those persons admitted to membership in accordance with Rule **18** or in accordance with Rule **45**; and

(c) those persons who become members by:

(i) a transfer of engagements to the co-operative; or

(ii) a scheme of arrangement; or

(iii) operation of law.

CAPITAL AND SHARES

20. (a) The capital of the co-operative shall be raised by the issue of shares which shall be of one class, all ranking equally, and be of nominal value of **$100.00** each.

(b) The capital shall vary in amount according to the nominal value of shares from time to time subscribed.

(c) No share is to be allotted (other than a bonus share) unless at least 10% of the nominal value of the share has been paid. A share is not to be issued at a discount.

(d) No member shall hold, or have a relevant interest in, more than 20% of the nominal value of issued share capital of the co-operative, except in accordance with Section 289 of the Act.

(e) Shares of the co-operative shall not be quoted for sale or purchase at any stock exchange or in any other public manner whatever, within the meaning of the Income Tax Assessment Act 1936 (Cth).

MINIMUM SHAREHOLDING

21. Every member shall, on admission to membership of the co-operative, hold at least **5** shares.

(This rule may be modified to include a formula to determine the minimum share holding based on patronage of the co-operative)

ISSUE OF SHARES TO ACTIVE MEMBERS IN EXCHANGE FOR PROPERTY

22. (a) The board may issue fully paid up shares to an active member, the consideration for which is real or personal property of at least the value of the equivalent cash consideration.

(b) A member shall, if required by the board, and at the member's expense, provide such evidence of :

(i) the member's title to, or interest in, the real or personal property;

(ii) the member's unrestricted right, power and authority to assign, (or to have assigned) the property to the co-operative, free from all interests, liens, charges, mortgages, encumbrances and liability to attachment; and

(iii) a valuation of the property from a person who is:

(A) in relation to real property: a person who is registered as a practising real estate valuer under the Valuers registration Act 1975; or

(B) in relation to the value of personal property: a person who has for a period of, or for periods totalling, at least 5 years, been engaged in valuing assets of the kind to be assigned,

as the board may require.

SHARES TO BE FORFEITED TO REMEDY CONTRAVENTION OF MAXIMUM LEVEL OF SHARE INTEREST.

23. (a) Where a person (whether or not a member of the co-operative) contravenes Rule **20 (d),** the board shall declare to be forfeited sufficient number of the shares in which the person has a relevant interest to remedy the contravention.

(b) The shares to be forfeited pursuant to this rule are:

(i) the shares nominated by the person for the purpose; or

(ii) in the absence of such nomination - the shares in which the person has had a relevant interest for the shortest time.

(c) A declaration of the board that shares are forfeited operates to forfeit the shares concerned.

(d) The provisions of Sections 134 - 136 (inclusive) of the Act shall apply to and in respect of shares forfeited under this rule as if the shares had been forfeited under Rule **15.**

NOTICE TO BE GIVEN OF SUBSTANTIAL SHARE INTEREST AND SUBSTANTIAL CHANGE IN SHARE INTEREST.

24. (a) A person must give notice in writing to the co-operative within 5 business days after becoming aware that the person has a substantial share interest in the co-operative.

(b) A person who has a substantial share interest in the co-operative must give notice in writing to the co-operative within 5 business days after becoming aware that a substantial change has occurred in that interest.

(c) A person who has ceased to have a substantial share interest in the co-operative must give notice in writing to the co-operative within 5 business days after becoming aware that the person has ceased to have that interest.

(d) For the purposes of this rule:

(i) A person has a substantial share interest in the co-operative if the nominal value of the shares in which the person has a relevant interest represents 5% or more of the nominal value of the issued share capital of the co-operative.

(ii) A substantial change takes place in a person's share interest in the co-operative if there is an increase or decrease in the number of shares in which the person has a relevant interest and the increase or decrease represents at least 1% of the nominal value of the issued share capital of the co-operative.

(iii) "Notice" means a notice in the form prescribed by the Co-operatives (General) Regulation 1993.

REGISTER OF NOTIFIABLE INTERESTS

25. (a) The co-operative is to keep a register of notifiable interests, which is to be entered in alphabetical order, of the names of persons from whom the co-operative has received a notification under Rules **24** and **33** together with the information contained in the notification.

(b) The register kept for the purpose of this rule shall be open for inspection:

(i) by any member, free of charge; and

(ii) by any other person on the payment of a fee of $30.

ISSUE OF SHARES AT A PREMIUM

26. (a) The co-operative may issue shares at a premium.

(b) Where the co-operative issues shares for which it receives a premium, whether in cash or in the form of other valuable consideration, a sum equal to the aggregate amount or value of the premiums on those shares is to be transferred to a share premium account.

(c) The share premium account is to be regarded as paid up share capital of the co-operative and may be applied in any one or more of the following ways:

(I) in paying up unissued shares to be issued to members as fully paid bonus shares;

(ii) in paying up in whole or in part the balance unpaid on shares previously issued to members;

(iii) in the payment of dividends, if those dividends are satisfied by the issue of shares to members;

(iv) in writing off the preliminary expenses of the co-operative;

(v) in providing for the premium payable on the redemption of shares, debentures or CCUs.

(d) Nothing in this rule shall be interpreted as precluding the co-operative applying funds in the share premium account in any other manner permitted by the general law for the application of paid up share capital.

BONUS SHARES

27. (a) Bonus shares may be issued by the co-operative in accordance with the Act and these rules.

(b) The total value of bonus shares issued by the co-operative shall not exceed 20%, or such other percentage as may be prescribed, of the nominal value of the issued share capital of the co-operative, immediately before the date of issue of the bonus shares.

COMPULSORY SHARE ACQUISITION

28. (a) The board may require a member to take up, or subscribe for, additional shares in accordance with a proposal approved of by the members by special resolution in accordance with Section 155 of the Act.

(b) A proposal approved by the members shall be binding:

(i) on all members at the date of the passing of the special resolution; and

(ii) on all persons who become members after the passing of the special resolution, subject to the terms of the proposal.

PURCHASE OF MEMBERS' SHARES

29. Subject to Section 172 of the Act the co-operative may:

(a) (i) purchase any share of a member at the request of the member; and

(ii) repay to a member, with the member's consent, the whole or any part of the amount paid up on any share held by the member when the sum repaid is not required for the activities of the co-operative.

(b) The co-operative shall cancel any share purchased or repaid in full by the co-operative.

(c) The co-operative shall not, in any financial year, repurchase shares or repay the amount paid up on shares, or both, if the amount to be paid by the co-operative exceeds the sum of:

(i) 5% of the nominal value of the issued share capital of the co-operative immediately before the commencement of that financial year; and

(ii) the amount of any additional share capital of the co-operative subscribed for during that year,

unless exempted by written order of the Co-operatives Council and in compliance with any condition or conditions contained in the order.

(d) If, in the opinion of the board, payment of the repurchase price would adversely affect the financial position of the co-operative, the board may exercise any of the following options instead of paying the sum to the member:

(i) apply the amount as an interest bearing deposit by the member with the co-operative; or

(ii) allot or issue debentures or co-operative capital units (CCUs) of the co-operative to the member in satisfaction of the amount.

(e) A deposit, debenture or CCU issued pursuant to paragraph (d) shall:

(i) bear interest during any period as determined in accordance with Section 173 of the Act; and

(ii) be repaid to the member as soon as repayment would not, in the opinion of the board, adversely affect the financial position of the co-operative, and in any case, within 10 years.

(f) The board shall not agree to repurchase shares or to repay the amount paid up on shares, if to do so would result in the co-operative incurring a debt whilst the co-operative is insolvent, or would result in the insolvency of the co-operative.

LIABILITY OF MEMBERS TO THE CO-OPERATIVE

30. (a) A member shall, in accordance with Section 76 of the Act, be liable to the co-operative for the amount, if any, unpaid on the shares held by that member, together with any charges, including entry and periodic fees, payable by the member to the co-operative as required by these rules.

(b) On the death of a member, the member's estate is subject to the same liability as the member would have been until the member's personal representative or some other person is registered in the member's place.

(c) The joint holders of a share shall be jointly and severally liable in respect of any such amount unpaid on shares and to any such charges referred to in paragraph (a).

ENTRANCE FEES

30A. Every applicant for membership after the formation meeting shall pay a once only non-returnable entrance fee of $100 or such other sum as may be fixed by the board from time to time providing that sum does not exceed $200. The fee shall be paid in full upon application (or by equal instalments and over a specified period approved by the board).

ONE MEMBER ONE VOTE

31. (a) An active member of the co-operative shall have one vote only in respect of any question or motion arising at a general meeting of the co-operative.

(b) A member's right to vote is a personal right and is not attached to, or conferred by, any share held by the member in the co-operative.

(c) In the case of joint membership, the joint members shall have 1 vote only between them and that vote may only be exercised (subject to the grant of any proxy in accordance with Rule **34** or power of attorney) by the joint member whose name appears first in the register of members.

EFFECT OF RELEVANT SHARE AND VOTING INTEREST ON VOTING RIGHTS.

32. (a) A member is not entitled to vote if another person (whether or not a member of the co-operative) has a relevant interest in any share held by the member or in the right to vote of the member.

(b) A member who is not entitled to vote because of this rule may apply to the Co-operatives Council for a review of the matter.

(c) Where the Co-operatives Council orders that the member is entitled to vote, the member's right to vote shall be restored.

NOTICE TO BE GIVEN OF VOTING INTEREST

33. (a) A person (whether or not a member of the co-operative) must give notice in writing to the co-operative within 5 business days of becoming aware that the person has, or has ceased to have, a relevant interest in the right to vote of a member in the co-operative.

(b) For the purposes of this rule, "notice" means a notice in the form prescribed by the Co-operatives (General) Regulation 1993.

PROXY VOTES

34. (a) The instrument appointing a proxy shall be in writing under the hand of the appointer, or of the appointer's attorney, duly authorised in writing.

(b) An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

(c) No person shall act as a proxy unless the person is an active member under Rule **14**.

(d) No person shall act as proxy for more than 5 persons.

(e) An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(f) An instrument appointing a proxy may be in the following form, or any other form which the board shall approve:

PROXY FORM

I/we _____

of _____

appoint _____

of _____

or in that person's absence _____

of _____

_____

or [in that person's absence] the chairperson of the meeting, or a person nominated by the chairperson,

as my/our proxy to vote for me/us on my/our behalf at the [Annual/Special] General Meeting of the co-operative to be held on [*] 19[*] and at any adjournment of that meeting.

I/We direct my/our proxy to vote in respect of each resolution to be considered as indicated with an "X" below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.

	FOR	AGAINST
[Ordinary/Special] resolution No. 1	[ ]	[ ]
[Ordinary/Special] resolution No. 2	[ ]	[ ]

If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of each resolution (including any procedural resolution) to be considered by the meeting and any adjournment of the meeting.

Dated 19[*]

Signature_____

Corporate members should execute under seal or by attorney.

(g) Where an instrument of proxy is signed by all of the joint members, the vote of the proxy so appointed shall be accepted as the vote of the joint member whose name appears first in the register of members.

INSTRUMENT APPOINTING PROXY TO BE LODGED AT REGISTERED OFFICE

35. (a) An instrument appointing a proxy is not valid unless:

(i) the instrument; and

(ii) if the instrument is signed by the appointer's attorney - the authority under which the form was signed, or a notarially certified copy of the authority,

is deposited at the registered office of the co-operative.

(b) The documentation required to be given under this rule must be deposited at the registered office:

(i) at least 48 hours before the meeting at which the proxy may be used; or

(ii) in the case of a poll - at least 24 hours before the taking of the poll.

REVOCATION OF INSTRUMENT APPOINTING PROXY

36. A vote given in accordance with the terms of an instrument of proxy, or of a power of attorney, is valid notwithstanding the previous death or unsoundness of mind of the principal, the revocation of the instrument (or of the authority under which the instrument was executed) or the power, if no intimation in writing of the death, unsoundness of mind or revocation has been received by the co-operative at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

RESTRICTION ON VOTING ENTITLEMENT UNDER POWER OF ATTORNEY

37. A person is not entitled to exercise a member's right to vote under a power of attorney, if that person has a power of attorney to vote in respect of another member.

CERTIFICATE OF SHARES*

38. (a) Every person whose name is entered as a member in the register of members shall be given, after application and without payment, a certificate under the seal of the co-operative specifying the shares held by the person and the amount paid up on those shares.

(b) Where shares are held jointly by several persons the co-operative shall not be bound to issue more than one certificate, and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

(c) If a share certificate is defaced, lost or destroyed a duplicate may be issued by the co-operative on payment of a fee, not exceeding **$5**, and on such terms as to evidence and indemnity as the board thinks fit.

*** NOTE: Either Certificate Of Shares or Confirmation Of Shares Held By Members, must be adopted.**

OR

CONFIRMATION OF SHARES HELD BY MEMBERS

38 (a) Every person whose name is entered as a member in the register of members shall be given, after application and without payment, a share statement certifying the number of shares held by the person and the amount paid up on those shares.

(b) Where shares are held jointly by several persons the co-operative shall not be bound to issue more than one share statement, and delivery of a statement to one of the joint holders shall be sufficient delivery to all.

(c) If a share statement is defaced, lost or destroyed a duplicate may be issued by the co-operative on payment of a fee, not exceeding **$5**, and on such terms as to evidence and indemnity as the board thinks fit.

CALLS ON SHARES

39. (a) The board may from time to time make calls upon the members in respect of any monies unpaid on the shares of members (whether on account of the nominal value of the shares or by way of premiums) which are not required by the terms of issue to be paid at fixed times. A call is not valid unless the board gives at least 14 days notice to the members, specifying the time or times of payment. No call shall exceed one-fourth (1/4) of the nominal value of the shares or be payable at less than one month from the last call.

(b) Each member, on receiving notice under this rule, shall pay to the co-operative at the time or times so specified the amount called on the member's shares.

(c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect of that share.

(d) If a sum called in respect of a share is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest upon the sum at the rate of 8% per annum from the day appointed for the payment to the time of actual payment. The board may waive payment of that interest wholly or in part.

(e) The board may, on the issue of shares, differentiate between the shareholders in the amount of calls to be made and in the times of payment.

(f) The directors may revoke or postpone a call.

(g) The board may accept from any member willing to advance, all or any part of the money uncalled and unpaid upon any shares held by that member. Upon all or any of the money advanced, the board may pay interest to cover the time between the advancement and the time that the money would otherwise have been payable on the shares. The rate of interest can be agreed

between the member and the board, but must not exceed 8%, unless the co-operative agrees at a general meeting.

DEFAULT IN PAYMENT OF CALLS

40. (a) If a member fails to pay any call or instalment of a call by the day appointed for payment, the board may, while any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of the unpaid amount together with any interest which may have accrued.

(b) The notice shall name a further day (not earlier than 14 days from the date of the notice) by which the payment required by the notice is to be made. The notice shall also state that if there is no payment by that time the shares for which the call was made may be forfeited.

(c) If the requirements of the notice are not complied with by the member, then any share for which the notice has been given, may at any time afterwards (but before the payment required by the notice has been made), be forfeited by a resolution of the board.

NON PAYMENT OF SUBSCRIPTION DEEMED TO BE A CALL

41. (a) Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these rules be deemed to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable.

(b) In the case of non-payment, the provisions of Rules 39 and 40 as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

FORFEITED SHARES

42. (a) A person whose shares have been forfeited pursuant to these rules shall cease to be a member in respect of the forfeited shares. However, that person shall remain liable to pay to the co-operative all moneys which (as at the date of forfeiture) were payable by the person to the co-operative in respect of the shares, in addition to the calls in default.

(b) A statutory declaration in writing by a director of the co-operative stating that a share in the co-operative has been forfeited on a date stated in the declaration, shall be conclusive evidence of that fact as against all persons claiming to be entitled to the share.

(c) The co-operative shall, pursuant to Rule **43**, have a charge upon the paid up amounts of the forfeited shares and may appropriate those amounts pursuant to paragraph (b) of that rule.

STATUTORY CHARGE ON SHARES, DIVIDENDS, DEPOSITS, BONUSES ETC.

43. (a) The co-operative shall, as provided in Section 80 of the Act, have a charge upon the share or interest in the capital, and on the credit balance and deposits of a member or past member, and upon any dividend, interest, bonus or rebate payable to a member or past member, in respect of any debt due from the member or past member to the co-operative. The co-operative may also set off any amount paid on account of that share or otherwise or any amount credited or payable to such member or past member in or towards payment of the debt.

(b) The charge may be enforced at any time, after 7 days notice to the member or past member, by appropriation of the capital, interest or deposit, subject to the charge, by the co-operative.

(c) Any share in respect of which capital has been appropriated, under this rule, shall be cancelled.

SALE OF SHARES BY BOARD

44. (a) The co-operative may sell in such manner as the directors think fit all or any shares on which the co-operative has charge. However, no sale shall be made unless a sum in respect of which the charge exists is payable at the date of the sale. Also no sale shall be made until the expiration of 14 days after a notice in writing (stating, and demanding payment of, such part of the amount in respect of which the charge exists as is payable at the date when the notice is given) has been given to the registered holder of the share or the person entitled to it by reason of death or bankruptcy. The notice shall indicate that upon failure to make payment of the sum demanded within the time stipulated the shares will be sold by the board.

(b) Where the highest offer received by the board is less that the amount paid up on shares to be sold, the board shall, before accepting the offer, notify the member of the receipt of such offer and the amount of the offer, and of the board's intention to accept the offer at the expiration of 14 days, if no payment is made before then to the co-operative of all moneys in respect of which the charge exists.

(c) From the proceeds of any such sale the co-operative may deduct the expenses, if any, associated with the sale and may apply the balance to reduce the liability of the member. However, if a surplus remains after such deduction the surplus shall be payable to the member whose shares were sold.

(d) For giving effect to any such sale the board may authorise a person to transfer the shares sold to the purchaser.

TRANSFER AND TRANSMISSION OF SHARES

45. (a) The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

(b) Shares shall be transferred in the following form or in a usual or common form which the board shall approve:

I, A.B. of .....

in consideration of the sum of $ .....

paid to me by C.D., of .....

("the transferee") do transfer to the

transferee the share (or shares) numbered .....

.....

in the .....

to hold on behalf of the transferee, the transferee's heirs, executors, administrators and assigns, subject to the conditions on which I hold the same at the time of the execution of this transfer.

I, the transferee, agree to take the said share (or shares) subject to the conditions on which the transferor holds the share (or shares) and subject to the rules of:.....
as amended from time to time.

As witness our hands, the ..... day of ..... 19.....

Signed by

....., transferor.

In the presence of ....., witness.

Signed by

....., transferee.

In the presence of ....., witness.

(c) A share may not be sold or transferred except :

(i) with the consent of the board, and to a person who is qualified to be admitted to membership of the co-operative under Rules **14** and **16**; or

(ii) as otherwise provided by these rules or the Act.

(d) The board may decline to register any transfer of shares to a person not qualified to be a member under Rule **16** or of whom they do not approve. The board may also decline to register any transfer of shares on which the co-operative has a lien or charge. If the board refuses to register a transfer of shares it shall send notice of the refusal to the transferee within 2 weeks after the date on which the board declined to register the transfer.

(e) The board of the co-operative shall not consent to the sale or transfer of shares to a person in contravention of Rule **20(d).**

(f) The board may decline to recognise any instrument of transfer unless:

(i) a fee of $**20** is paid to the co-operative for the transfer; and

(ii) the instrument of transfer is accompanied by the certificate (if any) of the shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.

(g) The board shall have a record of all transfers made in the proper books of the co-operative.

(h) The board may suspend the registration of transfers during the 14 days immediately preceding the annual general meeting in each year.

BENEFICIAL AND NON BENEFICIAL INTERESTS IN SHARES

46. (a) If it may reasonably be expected (having regard to all relevant circumstances), that on registration of a transfer of shares, the transferee will hold some or all of the shares non-beneficially, the instrument of transfer must include a "non-beneficial ownership notice".

(b) A non-beneficial ownership notice is a notice that:

(i) contains a statement to the effect that, on registration of the transfer, the transferee will hold particular shares non-beneficially;

(ii) sets out particulars of those shares; and

(iii) is signed by or on behalf of the transferee.

NATURE OF NON-BENEFICIAL OWNERSHIP NOT NOTIFIED AT TIME OF TRANSFER

47. (a) If on the registration of an instrument of transfer of shares the transferee holds non-beneficially any of the shares transferred, notice of that fact must be given to the co-operative except in respect of any shares for which particulars were set out in a non-beneficial ownership notice under Rule **46** included in the instrument of transfer.

(b) The notice must:

(i) set out the name and address of the transferee; and

(ii) contain a statement to the effect that, as from registration of the transfer, the transferee holds the shares non-beneficially; and

(iii) set out particulars of those shares; and

(iv) be signed by or on behalf of the transferee.

(c) The notice must be given within 14 days after the registration of the transfer (even if before the end of that 14 days the transferee begins to hold any of the relevant shares beneficially).

REGISTRATION AS BENEFICIAL OWNER OF SHARES NOTIFIED AS NON-BENEFICIALLY TRANSFERRED

48. (a) If an instrument of transfer of shares lodged with the co-operative includes a non-beneficial ownership notice (Rule **46**) in respect of particular shares ("the relevant shares") but on registration of the transfer the transferee holds some or all of the relevant shares beneficially, notice of that fact must be given to the co-operative.

(b) The notice must:

(i) set out the name and address of the transferee; and

(ii) contain a statement to the effect that, as from registration of the transfer, the transferee holds the relevant shares beneficially; and

(iii) set out particulars of the relevant shares; and

(iv) be signed by or on behalf of the transferee.

(c) The notice must be given within 14 days after the registration of the transfer (even if before the end of that 14 days the transferee begins to hold any of the relevant shares non-beneficially).

NOTIFICATION OF CHANGE IN NATURE OF SHAREHOLDING

49. (a) If the nature of a person's shareholding in the co-operative changes by reason of the person commencing to hold any shares beneficially that the person currently holds non-beneficially or commencing to hold any shares non-beneficially that the person currently holds beneficially, the person must notify the change to the co-operative.

(b) The notice must:

(i) set out the name and address of the person; and

(ii) contain a statement to the effect that, as from the time of the change, the person holds the shares beneficially or non-beneficially (as appropriate); and

(iii) specify the time of the change and set out particulars of the shares affected; and

(iv) be signed by or on behalf of the person.

(c) The notice must be given within 14 days after the change (even if before the end of that 14 days another such change affecting any of the shares occurs).

PRESUMPTION THAT SHARE HELD NON-BENEFICIALLY

50. (a) A person is to be taken to hold particular shares non-beneficially whenever the person:

(i) holds the shares in a capacity other than that of sole beneficial owner; or

(ii) without limiting paragraph (a)(i), holds the shares as trustee for, as nominee for, or otherwise on behalf of or on account of, another person.

(b) A person is to be considered to hold shares beneficially at a particular time unless the person holds the shares non-beneficially at that time.

ENTRIES OF BENEFICIAL AND NON-BENEFICIAL SHARE HOLDINGS IN THE REGISTER OF MEMBERS

51. (a) The register of members kept by the co-operative must contain a statement of the shares that each member holds beneficially and of the shares that each member holds non-beneficially.

(b) In determining for the purposes of an entry in the register whether a member of the co-operative holds shares beneficially or non-beneficially, regard is to be had only to the following information:

(i) information contained in a non-beneficial ownership notice under Rule **46** included in an instrument of transfer registered by the co-operative;

(ii) information contained in a notice given to the co-operative under Rules **47, 48 or 49.**

EFFECT OF SALE, TRANSFER OR DISPOSAL OF SHARES

52. A member who has sold or transferred, or disposed of the beneficial interest in, that member's shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the co-operative.

DEATH OF MEMBER

53. (a) The board may register as the holder of a share, a trustee executor or administrator of the estate of a dead person who was the registered holder of the share in the co-operative, or where the deceased member is entitled in equity to a share, with the consent of the holder of the share.

(b) The board shall transfer the deceased member's share in the co-operative, to such person as the deceased's personal representative may specify, in an application made to the co-operative within 3 months after the death of the member.

REGISTRATION OF OFFICIAL TRUSTEE IN BANKRUPTCY

54. (a) Where a member is declared bankrupt, the Official Trustee in Bankruptcy may be registered as the holder of the share held by the bankrupt member.

(b) The board may register the Official Trustee in Bankruptcy as the holder of a share in which a bankrupt member has an entitlement in equity, with the consent of the holder of the share.

REGISTRATION AS ADMINISTRATOR OF ESTATE ON INCAPACITY OF MEMBER

55. A person appointed under a law of a State or Territory to administer the estate of another person who, through mental or physical infirmity, is incapable of managing their affairs, may be registered as the holder of a share held by the incapable person whose estate the appointed person is administering.

ENTITLEMENTS AND LIABILITIES OF PERSON REGISTERED AS TRUSTEE, ADMINISTRATOR ETC

56. (a) A person who is entitled to a share by reason of the death, bankruptcy or the incapacity of the holder shall be entitled to the dividends and other advantages to which that person would be entitled if the person were the registered holder of the share. However, before being registered as a member in respect of the share, the person shall not be entitled to exercise any right conferred by membership in relation to meetings of the co-operative.

(b) A person registered pursuant to Rules **53, 54** and **55** is, while so registered, subject to the same liabilities in respect of the share as those to which that person would have been subject if the share had remained, or had been registered in the name of the deceased person, the incapable person or the bankrupt person.

EXPULSION OF MEMBERS

57. (a) A member may be expelled from the co-operative by special resolution to the effect:

(i) that the member has failed to discharge the member's obligations to the co-operative, whether prescribed by these rules or arising out of any contract; or

(ii) that the member has been guilty of conduct detrimental to the co-operative.

(The rule may define specific circumstances which will be deemed to be considered detrimental to the co-operative.)

(b) In either case written notice of the proposed resolution shall be forwarded to the member not less than 14 days before the date of the meeting at which the special resolution is to be moved, and the member shall be given a reasonable opportunity of being heard at the meeting.

(c) The shares of any member expelled shall be cancelled as at the date of expulsion and the cancellation shall be noted in the register of shares.

(d) Expulsion of a member shall not be effective, until the special resolution expelling the member is registered.

REPAYMENT OF EXPELLED MEMBERS' SHARE CAPITAL

58. (a) Subject to paragraph (b) of this rule, the co-operative shall pay to the expelled member, the amount of capital paid up on the member's shares at the time of expulsion (less any amount owing by the member to the cooperative).

(b) For the purposes of this rule "deficiency" shall mean the amount of accumulated loss or deficiency disclosed in the last preceding balance sheet of the co-operative. Where such a deficiency exists an appropriate proportion of the loss or deficiency must be deducted from the amount of capital paid up on the shares of the expelled member. This shall be done having regard to the number of such shares in relation to the number of shares in the co-operative.

(c) Payment to the expelled member shall be made at such time as shall be determined by the board in its discretion but not later than twelve (12) months from the date of expulsion.

(d) An expelled member shall not be re-admitted as a member unless such re-admission is approved by special resolution. A member so re-admitted shall not have the shares restored which were cancelled on the member's expulsion.

CEASING MEMBERSHIP

OFFICE COPY
Date.....

59. A person shall cease to be a member in any of the following circumstances :

(a) if the member's membership is cancelled under Rule **15**;

(b) if the member is expelled in accordance with Rule **57**;

(c) if the member becomes bankrupt and the trustee of the member's estate disclaims any of the member's property in accordance with the law relating to bankruptcy;

(d) on death of the member;

(e) if the contract of membership is rescinded on the ground of misrepresentation or mistake;

(f) if the member's share is transferred to another person and the transferee is registered as the holder of the share in accordance with Rule 45;

(g) if the member's share is forfeited in accordance with the provisions of the Act or the provisions of these rules;

(h) if the member's share is purchased by the co-operative in accordance with Rule **29**; and

(i) if the amount paid up on the member's share is repaid to the member in accordance with the provisions of these rules.

ANNUAL GENERAL MEETINGS

60. (a) A general meeting of the co-operative to be known as the "annual general meeting" shall, as provided in Section 198 of the Act, be held each year on a date and a time determined by the board as long as it is within five (5) months after the close of the financial year of the co-operative, or within such further time as may be prescribed by the Act or by regulation.

(b) All general meetings of the co-operative other than the annual general meeting shall be special general meetings.

(c) If an annual general meeting is not held in accordance with paragraph (a) of this rule, the members may, in accordance with Section 202 of the Act and Rule **62**, requisition such a meeting.

CONVENING GENERAL MEETINGS

61. The board may, whenever it thinks fit, convene a special general meeting of the co-operative.

REQUISITION OF GENERAL MEETINGS

62. (a) The board must convene a general meeting of the co-operative on the requisition in writing by:

(i) any 50 or more active members of the co-operative; or

(ii) active members who together are able to cast at least 20% of the total number of votes to be cast at a meeting of the co-operative.

(b) The requisition must:

(i) state the objects of the meeting; and

(ii) be signed by the requisitioning members (and may consist of several documents in like form each signed by one or more of the requisitioning members; and

(iii) be served on the co-operative by being lodged at the registered office of the co-operative.

REQUISITIONED MEETING MUST BE CONVENED AS SOON AS PRACTICAL

63. (a) A meeting requisitioned by members in accordance with Rule **62** must be convened and held as soon as practicable and, in any case, must be held within 2 months after the requisition is served.

(b) Where the board does not convene a meeting twenty one (21) days after the requisition is served, the following provisions apply :

(i) the requisitioning members (or any of them representing at least half their aggregate voting rights) may convene the meeting in the same manner as nearly as possible as meetings are convened by the board;

(ii) for that purpose they may request the co-operative to supply a written statement setting out the names and addresses of the persons entitled when the requisition was served to receive notice of general meetings of the co-operative;

(iii) the board must send the requested statement to the requisitioning members within 7 days after the request for the statement is made.

(iv) the meeting convened by the requisitioning members must be held not later than 3 months after the requisition is served;

(v) any reasonable expenses incurred by the requisitioning members because of the board's failure to convene the meeting must be paid by the co-operative;

(vi) any such amount required to be paid by the co-operative is to be retained by the co-operative out of any money due from the co-operative by way of fees or other remuneration in respect of their services to such of the directors as were in default.

NOTICE OF GENERAL MEETINGS

64. (a) At least 14 days notice (not including the day on which the notice is served or deemed to be served, but including the day for which notice is given) shall be given of any general meeting in the manner stipulated in Rule **118**.

(b) Notice must be given to those persons who are, under these rules entitled to receive such notices from the co-operative, but the non-receipt of the notice by any member shall not invalidate the proceedings at such general meeting. The notice must specify the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

(c) Any member who has a resolution to submit to a general meeting must give written notice of the terms of the resolution to the co-operative not less than 28 days prior to the date of the meeting.

(d) The board shall have inserted in any notice convening a general meeting any business which a member has notified of intention to move and for which notification has been given in accordance with this rule.

(e) Notice of every general meeting shall be given in same manner as authorised in Rule **118** to:

(i) every member of the co-operative, except those members who have not supplied to the co-operative an address or facsimile number for the giving of notices to them; and

(ii) every person entitled to a share in consequence of the death, incapacity or bankruptcy of a member, who, but for that member's death, incapacity or bankruptcy, would be entitled to receive notice of the meeting; and

(iii) the auditor or auditors of the co-operative.

(f) Except as provided in this rule, no other persons shall be entitled to receive notices of general meetings.

NOTICE OF SPECIAL RESOLUTIONS

65. Notice of a special resolution shall be given to those persons, entitled to receive notice under Rule 63, at least 21 days before the general meeting and shall specify the intention to propose the resolution as a special resolution at that meeting and specify the terms of the special resolution.

BUSINESS OF GENERAL MEETINGS

66. (a) The ordinary business of the annual general meeting shall be :

(i) to confirm minutes of the last preceding general meeting (whether annual or special); and

(ii) to receive from the board, auditors, or any officers of the co-operative reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of source and application of funds, and the state of affairs at the end of that year; and

(iii) to declare the rates of dividend, bonus and rebate in accordance with Rule **109**; and

(iv) to elect and determine the remuneration of directors; and

(v) to elect (if necessary) an auditor, or to determine the auditor's remuneration, or both.

(b) The annual general meeting may also transact special business of which notice has been given to members in accordance with these rules.

(c) All business of a general meeting, other than business of the annual general meeting that is by this rule termed ordinary business, should be deemed special business.

QUORUM AT GENERAL MEETINGS

67. (a) No item of business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting is considering that item.

(b) Except where these rules state otherwise, **twenty (20)** members present in person and entitled to exercise a total of **twenty (20)** votes constitute a quorum.

(c) If within half an hour after the appointed time for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall be adjourned to the same day in the next week at the same time and place. If at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting the members present shall constitute a quorum.

CHAIRPERSON AT GENERAL MEETINGS

68. (a) The chairperson, if any, of the board shall preside as chairperson at every general meeting of the co-operative.

(b) If there is no such chairperson, or if at any meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, then the members present shall choose someone from their number to be chairperson until such time as the chairperson attends or is willing to act.

(c) The chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place. The only business that can be transacted at any adjourned meeting is the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for 14 days or more notice of the adjourned meeting shall be given just as in the case of the original meeting. Apart from this requirement it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

STANDING ORDERS AT GENERAL MEETINGS

69. The following standing orders shall be observed at the co-operative's meetings, subject to any suspension of, or amendment of, or addition to, these orders adopted for the purposes of that meeting by the members present at a meeting:

(i) the mover of a motion shall not speak for more than 10 minutes. Subsequent speakers shall be allowed 5 minutes, and the mover of the proposition 5 minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule;

(ii) whenever an amendment to an original motion is proposed, no second amendment shall be considered until the first amendment is disposed of;

(iii) if an amendment is carried, the motion as so amended shall displace the original motion and may itself be amended;

(iv) if an amendment is defeated, then a further amendment may be moved to the original motion. However, only one amendment shall be submitted to the meeting for discussion at one time;

(v) the mover of every original motion, but not of an amendment, shall have the right to reply. Immediately after this the question shall be put from the chair. No other member shall speak more than once on the same question, unless permission is given for an explanation, or where the attention of the chairperson is called to a point of order;

(vi) motions and amendments shall be submitted in writing, if requested by the chairperson;

(vii) any discussion on a motion or amendment may be closed by a resolution "that the question be now put" being moved seconded, and carried. Such resolution shall be put to the meeting without debate.

(viii) any member, or visitor invited to attend the meeting by the board, may speak on any issue at a meeting with the permission of the chairman provided that the permission may be conditional.

(ix) standing orders may be suspended for any period by ordinary resolution.

ATTENDANCE AND VOTING AT GENERAL MEETINGS

70. (a) At any meeting of the co-operative a member, whose membership is required to be forfeited under Rule **15,** is not entitled to attend.

(b) A member of the co-operative is not entitled to vote at a meeting of the co-operative:

(I) if the person is not an active member of the co-operative;

(ii) the person is excluded from voting under the Act or these rules.

(c) At any general meeting a resolution put to the vote of the meeting shall (as provided in Section 201 of the Act) be decided on a show of hands. This is unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least 5 members. If no poll is demanded, a declaration by the chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the co-operative shall be evidence of the fact. No proof is needed of the number of proportion of the votes recorded in favour of, or against, that resolution.

(d) On a show of hands, or on a poll, every representative of a body corporate appointed in accordance with Section 68 of the Act, or every member (not under the age of 18), who is present at a meeting in person or represented by proxy or attorney, shall have one vote. However, no member shall have a vote, or be entitled or eligible to vote, contrary to the Act.

(e) In the case of joint membership, the joint members have 1 vote only between them and that vote may be exercised (subject to the grant of any proxy or power of attorney) only by whichever of the joint members is the member whose name appears first in the register of members.

(f) In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

(g) All resolutions, except special resolutions, shall be determined by a simple majority.

POSTAL BALLOT

71. The co-operative may hold a postal ballot to determine any issue or proposal by the members in the following manner:

(a) (i) The board shall cause the details of the proposal upon which the ballot is to be held to be set out in a written statement and fix the dates for the forwarding of postal ballots to members and the closing of the ballot.

(ii) Every ballot shall be conducted by the returning officer who shall be appointed by the board. In default of such appointment being made in sufficient time to allow the procedure set forth in this rule to be

followed, the secretary, or in absence of the secretary the person acting in the capacity of secretary, shall be the returning officer.

(iii) Any person, with the exception of a director, officer, or employee of the co-operative, may be appointed by the board to act as returning officer.

(iv) The returning officer may be assisted in the performance of any duties or powers under this rule by such persons (who would be eligible to be returning officers) as the returning officer appoints.

(b) (i) The returning officer shall prepare a roll of the full names and addresses of the members of the co-operative as disclosed by the register of members and shares together with particulars of the number of votes each member would be entitled to exercise upon a poll.

(ii) An active member whose name is on the roll, shall be entitled to vote in a postal ballot, and no person shall otherwise be so eligible or so entitled.

PREPARATION OF BALLOT PAPERS

72. (a) (i) The returning officer shall cause ballot papers to be prepared in or to the following effect:

Name of co-operative .....

Ballot of active members to determine the following proposal :

.....

.....

.....

The ballot will close at noon on .....

How to Vote

1. Read these directions and the ballot paper carefully.

2. Complete and sign the details on the reverse side of the middle envelope.

3. If you are in favour of the proposal insert the word "YES" in the square in the ballot paper hereunder. If you are not favour of the proposal insert the word "NO".

4. After marking the ballot paper fold it and place it in the small envelope provided and seal the envelope. Then place this envelope in the middle envelope and place the middle envelope in the envelope addressed to the returning officer.

Forward this envelope either by post or personal delivery so as to reach the returning officer not later than noon/.....PM on.
.....

5. Unless the ballot paper is marked as indicated in 3 above and the details referred to in 2 above are completed in full and signed, your vote may be rejected as informal.

.....
Initials of Returning Officer

BALLOT PAPER

Are you in favour of the proposal as referred to above?

(ii) Each ballot paper shall be initialled by the returning officer. The returning officer shall, at least 21 days prior to the date fixed for the closing of the ballot, transmit by post or otherwise deliver to every member entitled to vote in a ballot, one set of the following material:

(1) one ballot paper;

(2) an unsealed envelope (in this rule referred to as the outer envelope) addressed to the returning officer;

(3) a smaller envelope (in this rule referred to as the middle envelope) into which the voter shall enclose the envelope containing the ballot paper, the reverse side of which shall be printed in or to the following effect:

.....
(Full Name)

.....

.....
(Address)

.....
(Signature)

a. Please use capital letters

b. If the vote is being cast on behalf of the co-operative or other corporate body also indicate the name of such co-operative or corporate body.

(4) A small envelope (in this rule referred to as the inner envelope) into which the ballot paper is enclosed.

(5) a copy of the statement (prepared by the board) setting out the details of the proposal upon which the decision of the members is to be sought.

(b) Every member desiring to vote in the ballot should complete the details on the reverse side of the middle envelope and after marking their vote on the ballot paper according to the instructions on the ballot paper, seal the ballot paper in the inner envelope provided. The inner envelope containing the ballot paper should then be placed in the middle envelope and the middle envelope placed in the outer envelope addressed to the returning officer. The outer envelope should then be posted or personally delivered to the returning officer not later than noon on the date fixed for the closing of the ballot, or such other time as may be specified in the instructions on the ballot paper.

(c) (i) The returning officer shall provide a ballot box.

(ii) The ballot box shall be locked immediately before the ballot papers are delivered in accordance with paragraph (a) (ii) and remain locked until the close of the ballot.

(d) The returning officer shall place the outer envelopes containing the ballot papers in the ballot box not later than noon on the date fixed for the closing of the ballot.

(e) Upon a member making and transmitting to the returning officer a declaration that the member has not received the ballot paper, or that the ballot papers received by the member have been lost, spoilt or destroyed, and that the member has not already voted, the returning officer may issue a duplicate set of the material required under paragraph (a) (ii), having endorsed any duplicate outer envelope with the word "duplicate".

Any member who makes a declaration under this paragraph, which is false, in any particular material, shall be guilty of a breach of these rules.

(f) Ballot papers received after noon on the date fixed for the closing of the ballot shall not be taken into account at the ballot.

COUNTING OF POSTAL BALLOTS

73. (a) As soon as practicable after noon on that date, the returning officer in the presence of such scrutineers as may be appointed by the board shall open the ballot box and deal with the contents in accordance with paragraphs (b) and (c).

(b) The returning officer shall:

(i) remove the middle envelope from the outer envelope;

(ii) where a duplicate outer envelope has been issued and the original outer envelope is received, reject the original envelope and mark it "rejected";

(iii) according to the information on the middle envelope, mark for each set of voting papers returned, the voter's name on the roll by drawing a line through the name;

(iv) where a member's name has already been crossed out on the roll, reject the postal vote and mark it "rejected";

(v) if the middle envelope has not been signed, or if the details shown on the envelope are not sufficient to disclose by whom the vote is being exercised, reject the envelope and mark it "rejected";

(vi) extract or cause to be extracted the inner envelopes containing the ballot papers from all unrejected middle envelopes, separating the contents from the middle envelopes is such a way that no inner envelope could subsequently be identified with any particular voter; and

(vii) when all the middle envelopes have been dealt with, in the above manner, cause all the inner envelopes not rejected to be opened and the ballot papers to be taken from them.

(c) The ballot papers shall be scrutinised under the returning officer who **shall** supervise and reject, as informal, any ballot paper that:

(i) is not duly initialled by the returning officer;

(ii) is so imperfectly marked that the intention of the voter cannot be ascertained by the returning officer;

(iii) has any mark or writing not authorised by this rule which, in the opinion of the returning officer will enable any persons to identify the voter; or

(iv) has not been marked as prescribed on the ballot paper itself.

(d) The decision of the returning officer as to the formality of any ballot paper shall be final and there shall be no appeal from the decision.

(e) The returning officer shall count votes cast and make out and sign a report to the board of:

(i) the number of formal votes cast in favour of the proposal;

(ii) the number of formal votes cast against the proposal;

(iii) the number of informal votes cast;

(iv) the number of middle and outer envelopes marked "rejected"; and

(v) the proportion of the formal votes polled which were in the affirmative.

DECLARATION AND REPORT OF RETURNING OFFICER

74 (a) On the declaration of the returning officer of the result of the postal ballot the secretary of the co-operative is to make an entry in the minute book showing the particulars referred to in Rule **73(e)(i) to (iii)** inclusive.

(b) The returning officer shall forward the report of the results of the ballot to the chairperson of the co-operative who shall announce the result of the ballot at the next general meeting.

(c) The proposal which received the required majority of votes shall be declared to have won.

(d) The returning officer shall retain all ballot papers (whether formal or otherwise) and rejected outer envelopes and rolls used in connection with the conduct of the ballot, locked in the ballot box until the returning officer has been directed by the board, in writing that they may be destroyed.

(e) Notification of the result of the ballot (other than a ballot conducted to alter these rules) shall be displayed on the notice board at the registered office of the co-operative.

(f) In case of a postal ballot altering the rules, the co-operative must cause the alteration to be notified in writing to its members as soon as practicable after the alteration takes effect and, in any event, not later than the date on which notice is given to the members of the next annual general meeting of the co-operative, following the taking effect of the alteration.

POLL AT GENERAL MEETINGS

75. (a) If a poll is demanded, in accordance with Rule **70(c),** it shall be taken in a manner which the chairperson directs. Unless the meeting is adjourned the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

(b) A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken immediately.

(c) A poll demanded in accordance with Rule **70(c)** may be withdrawn.

SPECIAL RESOLUTION

76. (a) A special resolution means a resolution of which notice has been given of the intention to propose the resolution as a special resolution and which is passed either by two-thirds of the members who vote at a general meeting in person or by proxy in accordance with Rule **34** or by three quarters of the members who cast formal votes in a postal ballot of members.

(b) A special resolution shall have no effect until registered by the Registrar.

BOARD OF DIRECTORS

77. (a) There shall be a board of **six** directors each of whom shall be a natural person and at least 18 years old.

(b) The business and operations of the co-operative are to be managed and controlled by the board of directors, and for that purpose the board has and may exercise the powers of the co-operative as if they had been expressly conferred on the board by a general meeting of the co-operative.

(c) The powers of the board are subject to any restrictions imposed by the Act or by these rules.

(d) The acts of a director are valid despite any defect that may afterwards be discovered in the appointment or qualification of the director.

QUALIFICATIONS OF DIRECTORS

78. (a) A person is not eligible to be elected as director of the co-operative unless the person is an active member of the co-operative.

(b) The qualifications of a director shall be the holding of at least **50** shares in the co-operative (not being shares required to be forfeited under the Active Membership provisions of Rule **15**).

(c) A nominee must:

(i) not have any dealings in interest (*Riba*) in his/her personal financial affairs at the time of nomination and shall pledge not to have any future dealings in interest willingly; and

(ii) develop or have a good understanding on Islamic finance and differences between Islamic finance and Western methods of finance and commit to promote Islamic finance; and

(iii) not nominate himself or herself, or fall within the criteria of a position seeker as determined by the members in general meeting.

FIRST AND SUBSEQUENT DIRECTORS

79. The first directors shall be elected at the meeting for the formation of the co-operative.

80. At the first annual general meeting of the co-operative **two** of the directors shall retire. At the annual general meeting in each subsequent year the directors shall retire in rotation of **2** and **2**.

RETIREMENT AND ELECTION OF DIRECTORS

OFFICE COPY
Date.....

81. The directors to retire in any year shall (subject to the provision as to filling casual vacancies) be those who have been longest in office since their last election. As between persons who became directors on the same day to retire shall (unless they otherwise agree among themselves) be determined by lot. In such case, the order for retirement shall be the order in which the names are withdrawn.

82. A retiring director shall be eligible for re-election without nomination, subject to the person holding the qualifications specified in Rule **78.**

83. (a) At an annual general meeting at which a director retires or a casual vacancy occurs the vacated office may be filled by electing a person to it.

(b) Nominations for candidates to fill the vacant positions shall be sought in such manner as the board determines.

(c) The election of directors shall be conducted at the meeting in such usual and proper manner as the board shall direct.

DIRECTORS' REMUNERATION

84. (a) The directors shall receive such remuneration for their services as shall be determined at a general meeting, and all necessary expenses incurred by them in the business of the society shall be refunded to them.

(b) For the purposes of this rule "remuneration" means any money, consideration or benefit but does not include:

(i) amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the co-operative or any subsidiary of the co-operative;

(ii) in relation to an employee director - remuneration received or due and receivable as an employee.

REQUISITION AND NOTICE OF BOARD MEETING

85. (a) The chairperson or any 2 directors may, and the secretary shall, if requested by the chairperson or any 2 directors at any time, summon a meeting of the board.

(b) Except in special circumstances determined by the chairperson, at least 48 hours notice shall be given to the directors of all meetings of the board.

PROCEEDINGS OF THE BOARD

86. (a) Meetings of the board (including those conducted in accordance with Rule 87) are to be held as often as may be necessary for properly conducting the business and operations of the co-operative and must in any case be held at least quarterly.

(b) Questions arising at any meeting shall be decided by a majority of votes.

(c) In the case of an equality of votes, the chairperson shall have a second or casting vote.

(d) A director shall not vote in respect of any contract or proposed contract with the co-operative in which he is in any way, whether directly or indirectly, interested or in respect of any matter arising out of such a contract or proposed contract and, if he votes in contravention of this subregulation, his vote shall not be counted.

TRANSACTION OF BUSINESS OUTSIDE BOARD MEETINGS

87. The board may in accordance with Section 210 of the Act transact any of its business:

(a) (i) by the circulation of papers among all the members of the board, and a resolution in writing by a majority of those members is to be taken to be a decision of the board;

(ii) at a meeting at which members (or some members) participate by telephone, closed-circuit television or other means, but only if any member who speaks on a matter before the meeting, can be heard by the other members.

(b) For the purposes of this rule the chairperson of the board and each member of the board have the same voting rights as they have at an ordinary meeting of the board.

(c) A resolution approved under paragraph (a)(i) is to be recorded in the minutes of the meetings of the board.

(d) The secretary may circulate papers among members of the board for the purposes of paragraph (a)(i) by facsimile or other transmission of the information in the papers concerned.

QUORUM FOR BOARD MEETINGS

88. The quorum for a meeting of the board shall be **4** directors.

APPOINTMENT OF DIRECTORS TO CONSTITUTE A QUORUM

89. (a) If at any time the number of directors is the same or less than the number of directors required to constitute a quorum of the board :

(i) the board may appoint sufficient directors so that the number of directors is one more than a quorum; and

(ii) for the purpose only of enabling the board to make such an appointment, the number of directors required to constitute a quorum is the number of directors at that time.

(b) Except as permitted by this rule, a casual vacancy must be filled by members in accordance with Rule **95**.

CHAIRPERSON OF BOARD

90. The chairperson of the board may be elected either by the board or at a general meeting of the co-operative. However, if no such chairperson is elected, or if at any meeting the chairperson is not present within 5 minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting, until such time as the chairperson attends and is willing to act in that capacity.

DELEGATION AND BOARD COMMITTEES

91. (a) The board may (in accordance with Section 213 of the Act) by resolution delegate to a director or committee of 2 or more directors the exercise of such of the board's powers (other than this power of delegation) as are specified in the resolution. The co-operative or the board may by resolution revoke wholly or in part any such delegation.

(b) A power, the exercise of which has been delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the terms of the delegation.

(c) A delegation under this rule may be made subject to conditions or limitations as to the exercise of any of the powers delegated, or as to time or circumstances.

(d) Notwithstanding any delegation under this rule, the board may continue to exercise all or any of the powers delegated.

EXERCISE OF DELEGATED POWER BY DIRECTORS

92. (a) Where a power is exercised by a director (either alone or with other directors) and the exercise of the power is evidenced in writing, signed by the director in the name of the board or in the director's own name on behalf of the board, then the power shall be deemed to have been exercised by the board. This is so whether or not a resolution delegating the exercise of the power to the director was in force when the power was exercised, and whether or not any conditions or limitations referred to in paragraph (c) of this rule were observed by the director exercising the powers.

(b) An instrument purporting to be signed by a director as referred to in Section 214(1) of the Act shall in all courts and before all persons acting judicially be received in evidence as if it were an instrument executed by the co-operative under seal. Furthermore, until the contrary is proved, it shall be deemed to be

an instrument signed by a delegate of the board under Section 213 of the Act.

(c) A committee may elect a chairperson of their meetings. If no such chairperson is elected, or, if at any meeting the chairperson is not present within 5 minutes after the time appointed for holding the meeting, then the members present may choose one of their number to be chairperson of the meeting.

(d) A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and voting and in case of an equality of votes the chairperson shall have a second or casting vote.

REMOVAL FROM OFFICE OF DIRECTOR

93. The co-operative may, by ordinary resolution, remove any director before the expiration of the director's period of office, and may by a simple majority appoint another person in place of the director. The person so appointed shall retire at the same time as the removed director would have done if not removed.

VACATION OF OFFICE OF DIRECTOR

94. A director vacates office in such circumstances (if any) as are provided in the rules of the co-operative and in any of the following cases :

(a) if the person is an insolvent under administration (as defined in the Law);

(b) if the person is mentally incapacitated or the subject of an order under a law of another State or of a Territory relating to mental health;

(c) if the person has been convicted of an offence and that conviction disqualifies a person from being a director, as provided by Section 208(2) of the Act;

(d) if the director absents himself from 3 consecutive ordinary meetings of the board without its leave;

(e) if the director resigns from office by notice in writing given by the director to the co-operative;

(f) if the director is removed from office by ordinary resolution of the co-operative;

(g) if the person ceases to hold the qualification by reason of which the person was qualified to be a director;

(h) if the director becomes an employee of the co-operative, unless elected under Section 216 of the Act;

(i) if an administrator of the co-operative's affairs is appointed under Division 6 of Part 12 of the Act;

(j) as provided by Section 217 of the Act;

(k) if the director is directly or indirectly interested in any contract or proposed contract with the co-operative and fails to declare his interest as required under Section 234 or Section 237 of the Act;

(l) if the director is removed from office, by a voluntary administrator of the co-operative appointed under Part 5.3A of the Law, as applying under Section 332 of the Act.

FILLING OF CASUAL VACANCIES

95. (a) Subject to Rule **89**, a casual vacancy on the board of the co-operative is to be filled by election by the members held :

(i) at a meeting of the co-operative; or
(ii) by means of a postal ballot; or
(iii) in the manner specified in the rules of the co-operative for the ordinary election of directors; or
(iv) in such other manner as the Registrar may approve in a particular case.

(b) The person so chosen shall retire at the same time as the director who vacated the office would have done if that director had not vacated it.

(c) For the purposes of this rule, a casual vacancy shall arise where the office of a director is vacated in accordance with Rule **94**.

DEPUTY DIRECTORS

96. (a) Any director may from time to time apply, in writing, for any active member (other than an employee of the co-operative, the auditor or a partner or employer or employee of the auditor) to be appointed by the board as a deputy director to sit in the director's place on the board.

(b) A deputy director appointed by the board shall be entitled to notice of meetings of the directors and, in the absence of the nominating director, to attend and vote at those meetings and to sign resolutions and to exercise such powers, authorities and discretions as are vested in or would otherwise be exercisable by the nominating director.

(c) A deputy director shall vacate office if the nominating director ceases to be a director or on a majority of the other directors removing him from office.

(d) An appointment or removal under this rule must be in writing and notice thereof must be served on the deputy director and the appointment or removal shall take effect forthwith upon the service thereof. Service of any such notice may be effected in accordance with Rule **118**.

(e) A deputy director whilst acting in the absence of the nominating director shall not be an agent of the nominating director and the nominating director shall not be liable for the actions of the deputy director.

(f) The remuneration of any such deputy director shall be payable out of the remuneration payable to the nominating director and shall consist of such portion of the last mentioned remuneration as shall be agreed between the deputy director and the nominating director. The attendance of the deputy director at any meeting of the board shall be deemed to be attendance by the nominating director.

(g) For purposes of this rule a meeting of the directors shall include a meeting conducted pursuant to Rule **87**.

OTHER COMMITTEES

97. (a) The board may by resolution appoint committees comprising of members or other persons or both, to act in an advisory role to the board and to any committees of directors.

(b) The provisions of Rule **92 (c)** and **(d)** apply to committees appointed under this rule, subject to any variations approved of by the board.

(c) The quorum for any meeting of the committee shall be one-half (or where one-half is not a whole number the whole number next higher than one-half) of the number of members in the committee.

MINUTES OF MEETINGS

98. (a) The board shall have minutes of meetings made in books provided for the purpose, and, in particular:

(i) of all appointments of officers and employees made by the directors;

(ii) of the names of the directors present at each meeting of the board and of any committee of the board;

(iii) of all resolutions and proceedings at all meetings of the co-operative and of directors and of committees of directors.

(b) Minutes must be recorded in the minute book within 14 days of the date of the meeting to which they relate.

(c) The confirmation of such minutes shall be taken as the first business at the next succeeding meeting of the co-operative, board or committee to which the minutes relate. If it is impracticable for the minutes to be confirmed at that meeting, then the minutes shall be confirmed at the next succeeding meeting.

(d) Every director present at any meeting shall sign their name in a book to be kept for that purpose.

(e) The minutes are to be kept in the English language.

OFFICERS

99. (a) Without prejudice to the general powers conferred on the board by the Act or these rules, the board shall, subject to any applicable Industrial Award or Agreement, have power to appoint, remove or suspend officers, servants, agents and contractors, and to fix their powers, duties and remuneration.

(b) For the purposes of this rule:

(i) "Industrial Award or Agreement" means an Award or Enterprise Agreement made or approved under a State or Federal Act regulating industrial relations; and

(ii) "Enterprise Agreement" includes an Enterprise Flexibility Agreement.

APPOINTMENT OF SECRETARY

100. (a) The board shall appoint a secretary who shall perform all the functions and duties required by the Act, the Regulations, the rules and the law to be performed or undertaken by the secretary of the co-operative.

(b) A secretary shall:

(i) be appointed to the office on such terms and conditions as the board may determine; and

(ii) hold office until death, or removed by the board, or resignation from office.

FIDELITY BONDS AND INSURANCE

101. (a) The board shall effect, and maintain, a policy of insurance for the indemnity of the co-operative against any pecuniary loss to the co-operative resulting from any act of fraud or dishonesty committed :

(i) by any officer of, or other person employed by, the co-operative in connection with the person's duties; or

(ii) where a person contracts to provide a secretarial or administrative service to the co-operative by that person or any of that person's employees in connection with the provision of any such service.

(b) The board shall arrange insurance against loss, damage to or liability of the co-operative by reason of fire, accident or otherwise.

FINANCIAL YEAR

102. The financial year of the co-operative shall end on the **30 June**.

ACCOUNTS

103. (a) The board shall have prepared the accounts, statements and directors' report referred to in clause 13(1) of the Co-operation (Accounts and Audit) Regulation 1988.

(b) The board shall submit those accounts, statements and report, together with the auditors' report on those accounts, to the annual general meeting of the co-operative, in accordance with clause 14 of the Co-operation (Accounts and Audit) Regulation 1988.

(c) The board shall also have a copy of everything required to be submitted under paragraph (b) displayed at the registered office of the co-operative for a period of not less than 14 days before the date of the annual general meeting of the co-operative.

(d) The board shall send a copy of everything required to be submitted under paragraph (b) to each member with the notice of the annual general meeting of the co-operative.

BANKING

104. (a) The board shall have a banking account or accounts in the name of the co-operative, into which all moneys received shall be paid as soon as possible after receipt.

(b) All cheques drawn on such accounts and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the co-operative, shall be signed by 2 directors or by any 2 persons authorised by the board.

APPOINTMENT, DUTIES AND RESPONSIBILITIES OF AUDITORS

105. (a) One or more auditors shall be appointed, hold office, be remunerated, be removed and have qualifications, duties and responsibilities as provided in these rules or as otherwise provided in, or permitted by, the Co-operation (Accounts and Audit) Regulation 1988, or any order made by the Registrar pursuant to that Regulation or Section 244(1) of the Act.

(b) Within one month after the date on which the co-operative is registered, the directors shall appoint an auditor of the co-operative, unless the co-operative at a general meeting has already appointed an auditor. An auditor appointed under this clause shall hold office until the first annual general meeting of the co-operative.

(c) The co-operative shall at its first annual general meeting appoint an auditor of the co-operative; and at each subsequent annual general meeting, if there is

a vacancy in the office of auditor, the co-operative shall appoint an auditor to fill the vacancy.

(d) An auditor appointed under paragraph (c) of this rule shall hold office until death or removal or resignation from office or until ceasing to be capable of acting as auditor in accordance with the Co-operation (Accounts and Audit) Regulation 1988.

(e) The board shall fill any vacancy in the office of auditor, other than a vacancy caused by the removal of an auditor from office, within one month of such vacancy occurring, unless the co-operative at a general meeting has already appointed an auditor to fill the vacancy. A person or firm appointed as Auditor of the co-operative pursuant to this paragraph holds office, subject to the Co-operation (Accounts and Audit) Regulation 1988 until the next Annual General Meeting of the co-operative.

While a vacancy in the office of auditor continues, the surviving or continuing auditor or auditors (if any) may act.

(f) The co-operative or the board shall not appoint as auditor a person who has not consented in writing to the appointment or who has withdrawn such consent, or a person of whose nomination notice has not been given in accordance with clause 18 of the Co-operation (Accounts and Audit) Regulation 1988.

(g) A person is not qualified to be appointed auditor of the co-operative if:

(i) the person is not a registered company auditor;

(ii) the person or corporation in which the person is a substantial shareholder, is indebted to the co-operative (or to a subsidiary corporation of the co-operative) for an amount exceeding $ 5,000; or

(iii) the person is:

(A) an officer of the co-operative;

(B) is a partner, employer or employee of an officer of the co-operative;

(C) is a partner of an employee of an officer of the co-operative; or

(D) is an employee of an employee of an officer of the co-operative.

(h) A firm is not qualified to be appointed auditor of the co-operative unless:

(i) at least 1 member of the firm is a registered company auditor who is ordinarily resident in New South Wales;

(ii) no member of the firm or corporation in which the firm is a substantial shareholder, is indebted to the co-operative (a subsidiary of the co-operative) for an amount exceeding $5,000; or

(iii) no member of the firm is:

(A) an officer of the co-operative;

(B) is a partner employer or employee of an officer of the co-operative

(C) is a partner of an employee of an officer of the co-operative; or

(D) is an employee of an employee of an officer of the co-operative;

(iv) no officer of the co-operative receives any remuneration from the firm for acting as a consultant to it on accounting or auditing matters.

(i) All reasonable fees and expenses of the auditor are payable by the co-operative.

(j) The board shall enable the auditor to have access to all books, accounts, vouchers, securities and documents of the co-operative, and to be furnished with such information and explanation by the board members or any other officers as may be necessary for the performance of the duties of the auditor.

(k) The auditor is entitled to attend any general meeting of the co-operative and to receive all notices of and other communications relating to any general meeting which any member of the co-operative is entitled to receive. The auditor is also entitled to be heard, at any general meeting which the auditor attends, on any part of the business of the meeting of concerns to the auditor.

REMOVAL OF AUDITORS

106. (a) The auditor may be removed from office by resolution at a general meeting.

(b) Notice of intention to move the resolution must be given to the co-operative not less than 28 days before the meeting at which the resolution is moved, but if, after notice has been given, a meeting is convened for a date 28 days or less after notice has been given, notice shall be deemed to have been properly given.

(c) Where special notice of a resolution to remove an auditor is received by the co-operative, it shall forthwith send a copy of the notice to the auditor and lodge a copy of the notice with the Registrar.

(d) The co-operative shall give notice of a resolution to remove the auditor to persons entitled to be given notice of a meeting of the co-operative at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give notice of the resolution to them in any manner allowed by these rules not less than 14 days before the meeting.

(e) Within 7 days after receiving a copy of the notice, the auditor may make representations in writing, not exceeding a reasonable length, to the co-operative and request that before the meeting at which the resolution is to be considered, a copy of the representations be sent by the co-operative at its expense to every member of the co-operative to whom notice of the meeting is sent.

(f) Unless the Registrar on the application of the co-operative otherwise orders, the co-operative shall send a copy of the representations in accordance with the auditor's request. The auditor may require that the representations be read out at the meeting and may also speak at the meeting.

RESIGNATION OF AUDITOR

107 (a) The auditor may, by notice in writing given to the co-operative, resign as auditor of the co-operative if:

(i) the auditor has, by notice in writing given to the Registrar, applied for consent to resign and stated the reasons and, at or about the same time, notified the co-operative in writing of the application; and

(ii) the auditor has received the consent of the Registrar.

(b) The resignation of the auditor takes effect:

(i) on the date (if any) specified for the purpose in the notice of resignation;

(ii) on the date on which the Registrar consents to the resignation; or

(iii) on the date (if any) fixed by the Registrar for the purpose,

whichever last occurs, unless the Supreme Court makes an Order under clause 19(8) of the Co-operation (Accounts and Audit) Regulation 1988 or clause 19(10) of that Regulation applies.

(c) Within 14 days after the removal from office of the auditor or after the receipt of a notice of a resignation from an auditor, the co-operative shall lodge with the Registrar a notice of the removal or resignation in or to the effect of Form 1 of the Co-operation (Accounts and Audit) Regulation 1988 and, where there is a trustee for the holders of debentures of the co-operative, give to the trustee a copy of the notice lodged with the Registrar.

DISTRIBUTION OF SURPLUS

108. (a) Any part of the surplus arising in any year from the business of the co-operative may :

(i) be paid to a member by way of dividend in respect of the shares held by the member; or

(ii) be paid to a member by way of bonus or rebate based on the business done by the member with the co-operative;

(iii) be credited to any employee who is not a member, but is qualified to be a member, by way of bonus in proportion to the person's salary or wages at a rate equal to the rate of bonus or rebate paid to a member on the business done by the member with the co-operative;

(iv) be credited to any person who is not a member, but is qualified to be a member, by way of bonus or rebate in proportion to the business done by the person with the co-operative.

(v) be applied to any charitable purpose or for promoting co-operative principles or any community advancement purposes. However, the part to be applied shall not exceed ..... percent of that surplus.

(b) For the purposes of this rule, "surplus" means the surplus remaining after making proper allowance for depreciation in value of the property of the co-operative and for contingent liability for loss.

DECLARATION OF DIVIDEND, BONUS OR REBATE

109 (a) A dividend, bonus or rebate shall be declared at any general meeting of the co-operative but shall not exceed the amount recommended by the board, nor exceed the percentage permitted by the Act or Regulations.

(b) Notice of any dividend, bonus or rebate that may have been declared shall be given by displaying it at the registered office of the co-operative and in any other manner the board shall determine.

PAYMENT OF DIVIDEND OR BONUS OR REBATE

110. A bonus or rebate shall only be credited to any employee or any person who is not a member until the amount credited is equal to the nominal value of the minimum number of shares for which a member is required to subscribe. Also it shall only be credited in or towards payment for such minimum number of shares, which shall be issued to the employee or person on application.

111. Any dividend, bonus or rebate which shall accrue to the holder of shares on which all calls due have been paid shall be paid to that holder. However, any dividend, bonus or rebate which shall accrue to the holder of partially paid up shares shall be applied to paying off any subscriptions or calls on shares which may (at the time the dividend or bonus becomes payable) be due and unpaid by that holder.

112. If several persons are registered as joint holders of any share any one of them may given a valid receipt for any dividend or other money payable on or in respect of the share.

113. No dividend, bonus or rebate shall bear interest against the co-operative.

OFFICE COPY
Date.....

DETERMINATION OF DIVIDEND

114. The board may recommend:

(a) a higher rate of dividend in respect of shares held by a member in excess of the minimum number of shares specified in Rule **21**; or

(b) different rates of dividend on shares based on the business done by shareholders with the co-operative,

to be declared at a general meeting in accordance with Rule **109** and if declared, the board shall be authorised to pay the dividend to members, subject to the provisions of Rule **110**.

DISTRIBUTION IN SPECIE

115. (a) After the declaration of a dividend the members may by resolution direct payment of the dividend wholly or partly, by the distribution of specific assets such as paid up shares in debentures of the co-operative or other corporation and the board shall give effect to such a resolution.

(b) In the event of a difficulty arising in regard to such a distribution the board may settle the matter, as they consider expedient, and fix the value for distribution of the specific assets or any part of these assets and may determine that cash payments will be made to any member on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the board considers appropriate.

(c) The provisions of this rule are subject to the provisions of Section 285 of the Act and shall not be interpreted as authorising the members in general meeting, or the board, to contravene any of the provisions of the section.

PROVISION FOR LOSS

116. The board shall make such provisions for loss which may result from the transactions of the co-operative as the Act requires or allows.

DISPUTES

117. (a) In this Rule:

(i) 'member' includes:

(A) any aggrieved person who has ceased to be a member in the last 3 months; and

(B) any person claiming through or under a member or any aggrieved person referred to in Rule 117(a)(i)(A);

(ii) 'co-operative' includes the board and any other officer of the co-operative.

(b) A dispute between a member (in the person's capacity as a member) and the co-operative may be settled by arbitration in accordance with the Commercial Arbitration Act 1984.

(c) Where such a dispute is not referred to arbitration under paragraph (a), or, if so referred, has not within one month been the subject of an award, the dispute may be referred to the Registrar under Section 91 of the Act by any party to the dispute.

(d) Nothing in this rule shall extend to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.

NOTICES

118. (a) A notice may be given by the co-operative to any member either personally or by sending it by post to the member's registered address, or where the member has notified the co-operative of a facsimile number, by facsimile transmission to the number notified. If the member has no registered address then the notice can be sent to any address supplied by the member to the co-operative for the giving of notices.

(b) Where a notice is sent by post, service shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice. In the case of a notice of a meeting service is deemed to be effected at the expiration of 24 hours after the letter containing the notice is posted. In every other case service is deemed to be effected at the time at which the letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.

(c) If a member has no registered address (and has not supplied to the co-operative an address for the giving of notices) a notice addressed to the member and advertised in the newspaper circulating in the neighbourhood of the registered office of the co-operative shall be deemed to be duly given to the member on the date on which the advertisement appears.

(d) A notice forwarded by facsimile transmission shall be deemed to have been served, unless the sender's facsimile machine indicates a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.

(e) A notice may be given by the co-operative to the joint holders of a share by giving the notice to the joint holder named first in the register of members and shares in respect of that share.

(f) A notice may be given by the co-operative to the person entitled to a share in consequence of the death, incapacity or bankruptcy of a member by sending it through the post in a prepaid letter addressed to that person by name.

Alternatively it can be addressed to the person by the title of representative of the deceased, or incapacitated person, or trustee of the bankrupt, or by any like description. The address should be that supplied for the purpose by the person claiming to be entitled. Alternatively, if no such address has been supplied, the notice can be given in the manner in which it could have been given if the death, incapacity or bankruptcy had not occurred.

(g) For the purpose of this rule "registered address" means the address of the member as appearing in the register of members and shares.

WINDING UP

119. The winding up of the co-operative shall be in accordance with Part 12 of the Act.

FINES PAYABLE BY MEMBERS

120. (a) The board may impose on a member maximum fine of **$20** for any infringement of the rules.

(b) A fine exceeding $20 shall not be imposed on a member pursuant to Paragraph (a) unless;

(i) written notice of intention to impose the fine and the reason for it has been given to the member; and

(ii) the member has been given a reasonable opportunity to appear before the board in person (with or without witnesses), or to send to the board a written statement, for the purpose of showing cause why the fine should not be imposed.

SCHEDULE OF CHARGES

121. Copy book of rules : ..... **$20.00**..... : Rule **2(b)**

Inspection of Register :.... **$10.00**.....:Rule **13(b)**

Nominal Value of Shares : ..**$100.00**..... : Rule **20(a)**

Membership Joining Fee (non-refundable)	**$100.00**.....:	Rule **30A**
Duplicate Share Certificate :	**$5.00**..... :	Rule **38(c)**
Transfer of Shares :	.....**$20.00**..... :	Rule **45(f)**
Maximum Fine :	.....**$20.00**.....:	Rule **120 (a)**

REGISTERED

13 MAY 1998

J. Cornell

Delegate of the Registrar

CERTIFICATION

We the undersigned, certify that this is a copy of the rules which was presented to the formation meeting on March 21st 98 (date) at MRC, 125 MAIN ST BLACKTOWN NSW (location)

for the purpose of forming a co-operative to be known as:'

ISLAMIC CO OPERATIVE FINANCE AUSTRALIA LIMITED (name of co-operative)

M. M. A. Khan
Signature Chairperson of Formation Meeting

Md Enamul Haque
Signature secretary of Formation Meeting

Note: This certification is signed at the Formation Meeting which is held after the rules have been approved by the Registry and returned to the sponsors of the proposed co-operative.

This Annexure "B" of 1-2 pages referred to in part A of the application for registration of a special resolution signed by us and dated 28-11-2000

Director

Secretary

(Please note that the sentences and/or words in the following approved documents of the co-operative have been resolved to be amended or added with underlined mark instead.)

Add the following funds under Rule 9A FUNDS ADMINISTERED BY THE CO-OPERATIVE:

9A (a) The Co-operative may establish the following funds:

(i) The Pilgrimage or Hajj fund;

(ii) Mutual Fund to establish fund for the purpose of providing funds for the purchase of real and personal property; and

(iii) Zakah Distribution Fund; and

(iv) Qard Hasan (Benevolent) Fund, and

(v) any other fund or funds to provide financial facilities to member.

(b) The rules for the operation of each fund shall be determined by the board and shall be in accordance with the principles of Islamic Law.

(c) In the event that there is a dispute relating to the observance of the Sharia'h the board may obtain a *fatwa* (legal opinion) from a person or persons recognised in the Islamic community as having relevant expertise in relation to the matter, which shall be binding on the board and its members.

(d) The Co-operative must not use any assets of a fund to meet liabilities or expenses of the Co-operative or of any other fund, other than liabilities and expenses for which the fund is maintained.

(e) The investment or monies from a fund shall be in accordance with the Islamic Code of Conduct.

REGISTRAR OF CO-OPERATIVES NEW SOUTH WALES

This Annexure "A" of 1 page referred to in part A of the application for registration of a special resolution signed by us and dated 16 Oct 2001

Director

Secretary

(Please note that the sentences and/or words in the following approved documents of the co-operative have been resolved to be amended or added with underlined mark instead.)

Amend the Articles of Rules of Co-operatives relating to ACTIVE MEMBERSHIP PROVISIONS

Rule 14 shall now read as:

14. In accordance with Part 6 of the Act:

(a) **to provide financial facilities for home, vehicle and <u>Islamically lawful small business ownership/partnership (rehabilitation finance)</u> to its members <u>following an appropriate mode of finance as determined by the Board</u> based on profit/loss sharing principle of Islamic Law and also provide <u>educational</u> and other social and religious facilities such as Zakat distribution and pilgrimage to Makkah** is a primary activity of the co-operative; and

(b) a member shall

(i) **(A) maintain funds with the co-operative to the value of $500 in any period of 12 months; or**

(B) purchase at least five shares in each period of 12 months towards building a mutual fund for property ownership; and

(ii) **attend the Annual General Meeting in person or by proxy; and**

(iii) **participate in administration of promotion and marketing activities of the co-operative for at least two hours a month in accordance with the policy made by the directors of the co-operative,**

in order to establish active membership of the co-operative.

(c) **for the purpose of :**

(i) **paragraph b(i), a member shall be deemed to maintain funds with the co-operative to the value of $500 if the person holds 5 shares during any period of 12 months as a result of share repurchase pursuant to Rule 29; and**

(ii) **paragraph (b)(iii) the co-operative will maintain a register to record the performance of activities by members.**

(d) **The purpose of this primary activity is to facilitate members owning homes/properties and performing other social and religious obligations in an Islamic way without being involved with interest bearing loans.**

(e) **<u>all joining members must be active members of the co-operative.</u>**

REGISTRAR OF CO OPERATIVES NEW SOUTH WALES

This annexure A of 1 page referred to in part A of the application for registration of a special resolution signed by us and dated 24.11.99.

Director

Secretary

Amend the Articles of Rules of Co-operatives relating to QUALIFICATION OF DIRECTORS

Rule 78 shall now read as:

a) A person is not eligible to be elected as director of the co-operative unless the person is an active member of the co-operative.
b) The qualifications of a director shall be the holding of at least 50 shares in the co-operative (not being shares required to be forfeited under the Active Membership provisions of Rule 15).

c) A nominee must:

i) not have any dealings in interest (*Riba*) in his/her personal financial affairs at the time of nomination and shall not to have any future dealings in interest willingly; and
ii) develop or have a good understanding on Islamic finance and difference between Islamic finance and Western methods of finance and commit to promote Islamic finance; and
iii) not nominate himself or herself, or fall within the criteria of a position seeker as determined by the members in general meeting; and
iv) accept the nomination in writing.

REGISTRAR OF CO-OPERATIVES

REGISTERED

- 8 AUG 2000

Delegate of the Registrar

Application for Registration of Resolution

PART A

In the case of a special resolution/board resolution amending a rule please include the full text of the rule in its altered form inclusive of all paragraphs, below the resolution altering the rule.

Insert below the exact wording of the special resolution/~~board resolution~~ as duly passed.

It was resolved:

"That

(1) Delete Rule "39" of Islamic Co-operative Finance Australia Limited.

(2) Rule 108 (a) (v) be amended as follows:

"be applied to any charitable purpose or for promoting Co-operative principles or any community advancement purposes. However, the part to be applied shall not exceed 5 (five) percent of that surplus".

SEE ANNEXURE A

REGISTERED
- 8 AUG 2001
Delegate of the Registrar

Note:

(1) Where there is insufficient space on this form the resolution may be specified in an annexure to this form.
(2) Where a postal ballot or special postal ballot is conducted a copy of the entry in the minute book of the returning officers declaration is to be attached by way of annexure.
(3) Where the resolution is specified in an annexure the following requirements will apply:
  (i) identify annexure with a mark such as "A", "B", "C" etc;
  (ii) endorse the annexure with the words:
  "This annexure (mark) of (number) pages referred to in part A of the application for registration of a special resolution/rule alteration signed by us and dated .....";
  (iii) the annexure must be signed by the same persons who signed the form.
(4) Special attention is drawn to Division 2 of Part 8 of the Co-operatives Act 1992 as to the passing of resolutions.
(5) The board of a Co-operative may only alter the rules of a co-operative by board resolution pursuant to Section 112 of the Co-operatives Act 1992.

This annexure A of 1-~~3~~ pages referred to in part A of the application for registration of a special resolution signed by us and dated 24-11-90.

Director **Secretary**

1. Amend the Operational Mechanism of Mutual Fund for the purpose of providing funds for the purchase of real and personal property under Rule 9A FUNDS ADMINISTERED BY THE CO-OPERATIVE:

(Please note that the sentences and/or words in the following approved documents of the co-operative with strikethrough mark have been resolved to be deleted and replaced or added with underlined mark instead.)

The operational mechanism of House Finance and Vehicle Finance under Rule 9A shall now read as:

1) **House Finance:**

To be eligible for obtaining House Finance, the applicant must be an active member of the co-operative for at least six months or as the board determines. ~~He/she~~ The member must also have contributed at least ~~30%~~ 20% of the value of the property intended to be financed as a down payment but the final approval of the funding will be subjected to the availability of the co-operative's fund. The member will also provide appropriate guarantee/backing for the funding whose credit-worthiness will be assessed by his/her past record with any banks/financial institutions- if any, references and dealings with the Co-operative.

Due to the share repurchase constraint imposed by the Co-operative Act 1992, ~~the member fulfilling the repayment obligations would wait till an appropriate time wherein the Co-operative would be in a position to legally transfer the complete ownership of the properties concerned. Meanwhile, they would continue to occupy the properties concerned without any other financial obligations to the Co-operative except the mandatory insurance required by the state. (Prospective members gave consent to this arrangement)~~ a Mortgage deed will be executed in the form or style that has the same terms and conditions of the Co-operative i.e., without compromising any Islamic Principles set out as per the Rules of the Co-operative. A mortgage will then be registered setting out specifically the terms as per the Rules of the Co-operative including the terms of repayment and ownership following any one of the approved methods of finance based on Islamic Principles.

The Housing Finance will operate as follows:

(i) The eligible member will request the co-operative to purchase the property nominated by the member concerned.

(ii) If the nominated property is obtainable, a Purchase Agreement (mutually agreed upon) will take place between the co-operative and the member concerned. The Purchase Agreement will refer to the Rules and it will contain terms and conditions which would be subject to the Rules. This agreement may include the ~~actual~~ purchase price of the property, the mark-up of the co-operative which will include rate of

return and an ~~inflation factor~~ administrative charge over the period of financing, schedule for installment payment, the guarantor/funding backer and the possible penalty for delays in deferred payments.

(iii) The actual price of the property will be determined by an independent professional valuer. The co-operative will determine the amount of profit (mark-up) based on the real estate investment profitability rate published by the Real Estate Institute. It will take the profitability rate of past five years and average them to get a single rate which would be used as parameter to determine together with ~~inflation factor~~ administrative charge and the mark-up of the property to be financed.

~~(iv)~~ After the Purchase Agreement is entered into between the parties concerned, the co-operative or the member concerned will purchase the property nominated in the agreement in the name of the ~~co-operative~~ member concerned.

~~(v) After the property has been purchased as per the Purchase Agreement, a Sale Agreement will be signed by the co-operative and the member requiring the property to be transferred from the Co-operative to the member (subject to share repurchase constraint) as soon as the final repayment has been made on the property. The other terms and conditions of this Agreement should be similar to those of the Purchase Agreement signed earlier.~~ A Mortgage deed will then be executed and registered setting out specifically the terms as per the Rules of the Co-operative including the terms of repayment and ownership.

(vi) The member concerned will pay installments to co-operative as specified in the Purchase Agreement and ~~Sale Agreement~~ Mortgage deed or, as otherwise agreed upon between the Co-operative and the member.

(vii) The Mortgage deed will be released by the Co-operative to the member concerned subject to share repurchase constraint as soon as the final repayment has been made on the property.

(viii) In the event that a member fails to make a scheduled payment on time, the Board of Directors may grant a reasonable period of Grace on the written request of the member. If the member is unable to meet the rescheduled payment, then the property would, in consultation with the member, be liquidated and the member concerned will receive his/her outstanding shares in the property after settling all due payments, if any, to the Co-operative.

Other Relevant Matters:

(i) All costs such as legal fees, valuation fees, registration fees, insurance premiums, stamp duties, etc. related to this financing are to be borne by the borrowing member which would be included as cost in the Purchase Agreement and repaid through installment payments.

(ii) ~~There will be capital gains tax payable to the Australian Taxation Office in providing this type of financing. The co-operative will take the full responsibility to meet any capital gains tax obligations on the transfer of the property to the member. The co-operative will, however, seek a Private Ruling from the Australian Taxation Office for a tax exemption, since it will hold the ownership of the financed property in trust, and not for a profit motive, till the full payment has been made by the member~~

~~concerned~~. The capital gains tax, if any, will be payable to the Australian Taxation Office in this type of financing. The member will take the full responsibility to meet any capital gains tax obligations to the Australian Taxation Office since the co-operative will have no interest and/or obligations in the property(s) concerned after the end of the deal(s).

(iii) All other income tax payable on dividend paid to members will be settled by those members of the co-operative.

2) Vehicle Finance:

To be eligible for obtaining Vehicle Finance, the applicant must be an active member of the co-operative for at least six months or as the board determines. ~~He/she~~ The member must also have contributed at least ~~30%~~ 20% of the value of the vehicle intended to be financed as a down payment but the final approval of the funding will be subjected to the availability of the co-operative's fund. The member will also provide appropriate guarantee/backing for the funding whose credit-worthiness will be assessed by his/her past record with any banks/financial institutions- if any, references and dealings with the co-operative.

Due to the share repurchase constraint imposed by the Co-operative Act 1992, ~~member fulfilling the repayment obligations would wait till an appropriate time wherein the Co-operative would be in a position to legally transfer the complete ownership of the properties concerned. Meanwhile, they would continue to occupy the properties concerned without any other financial obligations to the Co-operative except the mandatory insurance required by the state. (Prospective members gave consent to this arrangement.~~ a Bill of Sale will be executed in the form or style that has the same terms and conditions of the co-operative i.e., without compromising any Islamic Principles set out as per the Rules of the Co-operative. The vehicle or property(s) will then be protected by registering the vehicle under finance with REVS setting out specifically the terms as per the Rules of the Co-operative including the terms of repayment and ownership following any one of the approved methods of finance based on Islamic Principles.

The Vehicle Finance will operate as follows:

i) The eligible member will request the co-operative to purchase the property nominated by the member concerned.

ii) If the nominated property is obtainable, a Purchase Agreement (mutually agreed upon) will take place between the co-operative and the member concerned. The Purchase Agreement will refer to the Rules and it will contain terms and conditions which would be subject to the Rules. This agreement may include the ~~actual~~ purchase price of the property, the mark-up of the co-operative which will include rate of return and an ~~inflation factor~~ administrative charge over the period of financing, schedule for installment payment, the guarantor/funding backer and the possible penalty for delays in deferred payments.

iii) ~~The actual price of the property will be determined by an independent professional valuer.~~ The co-operative will determine the amount of profit (mark-up) based on the ~~automotive profitability rate published by ABS~~ current market price of the similar vehicle to be financed. ~~It will take the profitability rate of past five years and average~~

~~them to get a single rate which would be used as parameter to determine together with inflation factor the mark-up of the property to be financed.~~

iv) ~~iv)~~ After the Purchase Agreement is entered into between the parties concerned, the co-operative or the member concerned will purchase the property nominated in the agreement in the name of the ~~co-operative~~ member concerned.

~~v) After the property has been purchased as per the Purchase Agreement, a Sale Agreement will be signed by the co-operative and the member subject to share repurchase constraint as soon as the final repayment has been made on the property. The other terms and conditions of this Agreement should be similar to those of the Purchase Agreement signed earlier.~~ v) The Bill of Sale will then be executed and registered with REVS setting out specifically the terms as per the Rules of the Co-operative including the terms of repayment and ownership.

vi) The member concerned will pay installments to co-operative as specified in the Purchase Agreement and ~~Sale Agreement~~ Bill of Sale or, as otherwise agreed upon between the Co-operative and the member.

vii) In the event that a member fails to make a scheduled payment on time, the Board of Directors may grant a reasonable period of Grace on the written request of the member. If the member is unable to meet the rescheduled payment, then the property would, in consultation with the member, be liquidated and the member concerned will receive his/her outstanding shares in the property after settling all due payments, if any, to the Co-operative.

Other Relevant Matters:

i) All costs such as legal fees, valuation fees, registration fees, insurance premiums, stamp duties, etc. related to this financing are to be borne by the borrowing member which would be included as cost in the Purchase Agreement and repaid through installment payments.

ii) ~~There will be capital gains tax payable to the Australian Taxation Office in providing this type of financing. The co-operative take the full responsibility to meet any capital gains tax obligations on the transfer of the property to the member. The co-operative will, however, seek a Private Ruling from the Australian Taxation Office for a tax exemption, since it will hold the ownership of the financed property in trust, and not for a profit motive, till the full payment has been made by the member concerned.~~ The capital gains tax, if any, will be payable to the Australian Taxation Office in this type of financing. The member will take the full responsibility to meet any capital gains tax obligations to the Australian Taxation Office since the Co-operative will have no interest and/or obligations in the property (s) concerned after the end of the agreement (s).

iii) All other income tax payable on dividend paid to members will be settled by those members of the co-operative.

DIRECTOR

DIRECTOR

2. Add the following fund/s under the 'FUNDS ADMINISTERED BY THE CO-OPERATIVE' Rule 9A (iv) of the Co-operative.

Children Education Fund Package

A children education fund similar to Hajj Fund is created within the Co-operative to provide financial facilities for the participating member or members' child or children for future education after graduating from a high school.

The Children Education Fund will be available to the member(s) or person(s) interested in such funds subject to the approval by the Registrar:

The Children Education fund will be operated as follows:

i) The Co-operative will offer a Children Education Fund Package to cover the costs of educational expenses of members' children wishing to pursue higher education after high school level. The package available for participating child (s) or children who wish to join at the later stage of high school level is estimated to be at least $5,000 for the next five years.

ii) A natural person or children under the age of 18 (with a legal guardian) wishing to become an active member and intend to join the fund (s) must pay at least 10% of membership fee of $100 plus 10% of 5 shares (each valued equally at $100) towards meeting eligibility criteria of an active membership provision and agreed to pay the remaining portion by equal installment basis during the first financial year.

iii) An active member of the Co-operative will be eligible to act as an authorised person (&/or nominee) to open &/or maintain separate Children Education Fund account for his/her participating child (s) under the age of 18. A nominal admission fee of $20.00 will be charged for each participating child at the time of opening of an account of the fund. In such case, an active member, however, will be eligible to cast only one (1) vote at the AGM regardless of number of his/her participating children in such funds opened under his/her membership. An active member is exempted from paying such admission fees to the fund if wishes to open an account for him/herself.

iv) The period of the maturity of the Children Education Fund package to be purchased must be at least for five years regardless of year of joining to the fund.

v) The participating member (s) or the nominated legal guardian will be encouraged to purchase the units of the education fund package as share capital (a minimum number of 1 share at a cost of $100 or CCU) or by installment basis on behalf of their respective children.

vi) The money deposited in this fund will be adjusted to share capital pooled and invested in Islamically allowed low risk portfolio or as determined by the Board. Low risk portfolio means where the chances of loss in investment are very minimal.

vii) Member receiving profit in proportion to their share values after each financial year will be reinvested in the respective accounts. The loss, if any, will be adjusted in a similar fashion.

viii) A participating member when purchased the complete package and after the maturity period i.e., five years in this instance, the respective member (s) may continue to reinvest or withdraw the total or portion of the fund at any time subject to the withdrawal policy of the co-operative.

ix) Information about the Education Package Files will be available to all respective participating members or children at no extra cost.

Administration of Children Education Fund:

i) The fund will be managed by an Administrative Unit within the Co-operative organisation.

ii) The fund will not be used or adjusted to meet up the liabilities or expenses due to any other funds of the Co-operative.

iii) No unit of Children Education Fund package can be withdrawn before maturity of the fund unless the account is closed down due to death or health or meeting an emergency situation of the participating children as determined by the Board.

iv) Each participating child or member will nominate a beneficiary of the Fund who will be legal owner of the invested fund in case of death or health or for an emergency situation of the respective child or member.

v) The participating child or the beneficiary will be allowed to withdraw only the amount invested to that respective account after deducting the legitimate charges due to the co-operative, if any.

vi) The legitimate administrative cost of the fund will be charged in proportion to the units of the package purchased. The profit or loss, if any, will be credited or charged to the units of the respective account in the same proportion at the end of each financial year.

(DIRECTOR)

Director/Secretary

Attachment related to Qard Hasan (Benevolent) Fund mechanism under Rule 9A (a) (iv):

Qard Hasan (Benevolent) Fund:

Introduction

ICFA is committed to continue its effort to providing services with an objective of fulfilling social welfare obligations to the community. As part of the social responsibility the co-operative offers a Qard Hasan (Benevolent) Fund as benevolent services by assist meeting the urgent financial needs of the needy people in the community. This fund operates with a principle of cost or interest free loan, approved or permissible in Islam to help those in need. The participating member(s)/lender(s) in return only expect reward (in many folds) from Allah, the Beneficent, in the life hereafter, Insha Allah.

Operational Mechanism:

- The Fund consists of primarily donations and short term or long term deposit as interest free loan made by both members as well as non-members.
- Those who make temporary deposit as interest free loan for the needy people for a specified period may withdraw their fund according to the withdrawal policy of the co-operative. The participating members/lenders agree that the amount to be withdrawn will be subjected to the availability of fund in the Qard Hasan Fund at the time of withdrawal following the guidelines of rules of the co-operative as well as Islamic Principles.
- In case of more than one applicant for withdrawal, the priority to the applicants will be given to the first come first serve basis but the final approval will be based on the availability of the fund in the Qard Hasan (Benevolent) Fund at the time.
- The fund is only available to help individuals or applicants at the time of their unexpected and immediate financial crisis or economic hardship that is beyond their financial resources or capacity.
- Since the fund operates to improve the welfare of the community, no costs or interest is charged to the borrower(s) at any period related to the loan whatsoever.
- The borrowers shall abide by the terms and condition (for example, schedule of repayment and period of loan approved) as per the agreement based on Islamic Principles.
- The terms and condition of borrowing and lending agreement will be made in accordance with the Islamic Principles. In case of failure to make timely payment by the borrower(s) due to continued financial hardship, the lender(s) at the time of deposit to this fund agree to allow grace period to the borrowers for repayment of loan, if necessary. The fund is not available to the applicants requiring finance to purchase assets i.e., real estate, vehicle or for small business (rehabilitation) purposes.
- The co-operative or the participating members/lenders will not receive any return from this fund in case of short term investment. The profit/loss due to the investment, if any, will be adjusted to this fund managed separately by an administrative unit within the co-operative.
- The fund will not be used or adjusted to meet up the liabilities or expenses due to any other funds of the Co-operative.
- Information about the Qard Hasan Fund Files will be available to all respective participating members or lenders at no extra cost.

REGISTRAR OF CO-OPERATIVES NEW SOUTH WALES

REGISTERED 2 JAN 2001