

Cabinet Resolution No. (55) of 2024
Concerning the Executive Regulations of Federal Decree-Law No. (6) of 2022
Concerning Cooperative Associations

The Cabinet:

- Upon reviewing the Constitution;
- Federal Law No. (4) of 2000 concerning the UAE Securities and Commodities Authority (SCA), as amended;
- Federal Decree-Law No. (6) of 2022 Concerning Cooperative Associations;
- Based on the proposal submitted by the Minister of Economy, and the approval of the Cabinet,

Has resolved the following:

Article (1)

Definitions

In application of provisions of this Resolution, definitions set forth in Federal Decree-Law No. (6) of 2022 Concerning Cooperative Associations shall be applied to this Resolution. Otherwise, the following terms and expressions shall be accorded their designated meanings, unless the context otherwise requires:

- SCA** : Securities and Commodities Authority.
- Cooperative Movement** : These are the basics, concepts and guarantees derived from the globally recognized cooperative values and principles that enable cooperative associations to achieve their objectives in accordance with provisions of public cooperative associations or in any resolution issued by the Ministry in coordination with the competent authority when needed.
- Senior Members** : A capacity granted by basic cooperative associations to members who fulfil a group of requirements that relate to the volume of their transactions, contributions and investments in the cooperative association authorizing

them to enjoy multiple voting rights and preferential rights.

- Cooperative Association Unions** : Cooperative associations of same type establishing a union.
- Joint Cooperative Associations** : Licensed cooperative associations that include two or more cooperative associations established to produce or import the requirements of activity of such cooperative associations or for the service of its various objectives.
- Financial Shares and Financial Instruments** : Financing shares and financial instruments, such as sukuk, bonds, future contracts, financial certificates, derivatives held by the strategic partner.
- Treasury Shares** : Shares purchased by the cooperative association itself.
- A Working Day** : The official working day in Ministries, government authorities and local departments.
- Law** : Federal Decree-Law No. (6) of 2022 Concerning Cooperative Associations.

Article (2)

Cooperative Association Name

1. Each cooperative association shall have a name that contains the word “cooperative association” to indicate its capacity and work type. The name shall be granted pursuant to procedures approved at the Commercial Register at the competent authority.
2. Name of the cooperative association shall not violate the public order of the State. No cooperative association may be registered in a name that was previously registered in the State or in a name that is similar to any other name in a way that causes ambiguity.
3. The cooperative association may, pursuant to a special resolution to be issued by the general assembly, change its name to another one upon approval of the competent authority. Changing the name of the cooperative association shall not affect its rights, obligations or the legal procedures taken by or against the cooperative association. All legal procedures that were taken

or initiated to be taken by or against the cooperative association shall continue with the amended name.

Article (3)

Period of the Cooperative Association

Period of the cooperative association shall be limited or unlimited as set forth in its memorandum of association and Articles of Association. Subject to a special resolution issued by the General Assembly, if the period of the cooperative association is limited, such period may be extended or reduced.

Article (4)

Founders

1. A founder is every natural or legal person that signed the memorandum of association of the cooperative association and owns a percentage in its cash capital or provided cash shares and in-kind shares upon incorporation.
2. Number of Founders:
 - a. The cooperative association shall be incorporated by at least (10) ten persons.
 - b. As an exception from Paragraph (a) of this Clause, subject to a justified resolution issued by the chairman of the competent authority, number of founders may be reduced or increased due to the type of the cooperative association or its local privacy.

Article (5)

Constituent General Assembly

1. **Procedures of the Constituent General Assembly:**
 - a. The Constituent General Assembly shall consist of founders. Such assembly shall convene when necessary or based on the request of (10%) ten percent of the founders, or when required by the competent authority, provided that the invitation shall demonstrate the place and date of the meeting convention.
 - b. The meeting of the Constituent General Assembly shall be held within (30) thirty days as of the date on which the last founder joined the incorporation.

- c. The quorum of the meeting for the Constituent General Assembly shall exist when more than (50%) fifty percent of total founding members are present. If the quorum is not complete, the meeting shall be adjourned and the Constituent General Assembly shall convene at least (5) five days and not more than (15) fifteen days after the date of the last meeting. The adjourned meeting shall not be deemed valid unless at least (25%) twenty-five percent of total founding members are present. If the quorum is not complete in the second meeting, the member that initiates incorporation of the cooperative association or the chairman of the committee, if any, shall notify the competent authority in order to decide what is appropriate.
- d. Resolutions of the Constituent General Assembly shall be issued with the majority of ($\frac{3}{4}$) three quarters of attending votes. Each member shall have one vote whatever its contribution in the capital.
- e. Minutes for the Constituent General Assembly meeting shall be made where the works of the meeting are recorded. All founders shall sign on the minutes.
- f. The meeting shall be chaired by the persons elected by the Constituent General Assembly thereof among the founders.
- g. A representative of the competent authority and a representative of the Ministry may attend the Constituent General Assembly meeting based on an invitation from the Committee.

2. **Competences of the Constituent General Assembly:**

The Constituent General Assembly shall manage and take decisions, specifically, in the following matters:

- a. Actions of the Committee that relate to the cooperative association during the incorporation period.
- b. The report of the Committee about the procedures of incorporation of the cooperative association and the expenses as audited by the auditor.
- c. The auditor's report about the incorporation period.
- d. Election of members of the first BOD in case they are not appointed by the founders.
- e. Appointment of the auditors.
- f. Disclaiming the Committee upon electing or appointing the first BOD, whichever is earlier, and approving its works during such period.

Article (6)

Memorandum of Association and Articles of Association of the Cooperative Association

1. The Memorandum of Association and Articles of Association of the Cooperative Association shall be submitted as attached with the registration application of the cooperative association to the competent authority.
2. The Memorandum of Association and Articles of Association of the Cooperative Association in addition to any amendment shall be made in Arabic language and shall be documented by the competent authority. If the Memorandum of Association or Articles of Association of the Cooperative Association, or its amendment, is made in a foreign language and Arabic language, the copy of the Arabic language shall be the approved and applicable one in the State.
3. The Memorandum of Association and Articles of Association of the Cooperative Association shall be binding to all its members.

Article (7)

Articles of Association of the Cooperative Association

The form of the Articles of Association shall include as minimum the following content, and the competent authority may add whatever it considers suitable as consistent with the nature and activity of the cooperative association:

1. Identity of the cooperative association:

- a. Name and period of the cooperative association.
- b. The headquarters, postal address and email address of the cooperative association.
- c. The purpose for which the cooperative association was established and the activities carried out, whether it is specified for one purpose or multiple purposes.
- d. Voting system in the cooperative association.
- e. Type and category of the cooperative association: Basic or non-basic cooperative association.

2. Members:

- a. Requirements and procedures to accept or lose membership, including withdrawal of members, removal of membership, the effects thereof, and the grace period that can be given to dispose the shares of the member by selling or renunciation.
- b. Relationship between the cooperative association and minor heirs.
- c. Renunciation of some or all shares in the cooperative association for another beneficiary.
- d. Register of the cooperative association and work controls of the secretariat of the register.
- e. Personal and financial rights and liabilities of members, including the obligation of the member to permanently and actually deal with the cooperative association as a consumer, user, provider or employee.
- f. Minimum shares required to be possessed to enjoy membership capacity.

3. Dealing with non-members:

- a. Rules of dealing with non-members.
- b. Conditions, controls and standards of strategic partners inclusion and privileges granted to them.

4. Agencies of the cooperative association:

- a. Competences of the General Assembly in its annual meeting, the General Assembly that is exceptionally held, rules of its formation, invitation, convention, timetable of its meetings, chairing the meetings, the required quorum and the way of voting on its resolutions, including the special resolutions and execution of the General Assembly resolutions.
- b. Formation of the BOD, number of directors, chairing of the Board, cases banning to combine chair of the Board with membership of the Board in more than one cooperative association, tenure of membership, renewal of such tenure, competences and work regulation of the BOD, the majority needed for its meetings to be valid for issuing resolutions, conditions, responsibilities and duties of its members, procedures to remove its members, withdraw confidence from them, filling vacant positions in the BOD, minutes of meetings of the Board, its powers, procedures and rules of authorization for tasks in the BOD.
- c. Expertise and qualifications that must be found in BOD members.
- d. Conditions and procedures to appoint the Managing Director.
- e. Formation of committees and setting its tasks, period of work, powers and responsibilities, as well as the qualifications and reimbursement of its members.

- f. Management of records and documents cooperative associations that should be kept.
- g. Methods and ways to manage branches of cooperative associations.

5. Financial Provisions:

- a. Procedures and conditions of shares subscription and payment of its price.
- b. Bank account of the cooperative association where contributions are deposited.
- c. Procedures to participate through cash or in-kind contribution by ownership transfer.
- d. Capital amount of the cooperative association, number of shares where capital will be divided into upon incorporation and the nominal value of each share.
- e. Percentage of contribution of natural and legal persons in the capital of the cooperative association.
- f. Statement of in-kind shares, name of its provider, initial value, conditions to provide such shares, rights of lien and privilege arranged on these shares, if any.
- g. Rules to increase or reduce capital.
- h. Rules regulating financial accounts of the cooperative association, external finance and financial resources.
- i. Rules of net profits distribution and coverage of loss.
- j. Rules to retrieve the value of shares in case membership is terminated, or the cooperative association is dissolved.
- k. Rules to establish the legal reserve, optional reserves and allocation of community responsibility.
- l. Maximum number of shares a member may own in the capital of the cooperative association.
- m. Minimum and maximum distributions for transactions and capital.
- n. Maximum reimbursement of BOD members, controls, requirements and eligibility of disbursement as well as standards of distribution for good management of BOD members who made excellent services for the cooperative association.

6. Other Matters:

- a. Cases regulating the cooperative association joining one of the joint cooperative associations or a cooperative association union.
- b. Cases requiring a special resolution in addition the ones determined in Law.
- c. Conditions to make deals or contracts.

- d. Conditions of voluntary dissolution, procedures of the cooperative association, rules of liquidation of its funds, merger or transformation into a commercial company.
- e. Rules and procedures of Articles of Association amendment.
- f. Method for members to review accounting records, documents and register of the cooperative association as well as the supervisory reports and any document members desire to review.
- g. Any other matters stipulated in the Law and this Resolution or any resolution issued for the implementation thereof.
- h. Any other matters members consider necessary and do not violate provisions of Law and this Resolution or any resolution issued for the implementation thereof.

Article (8)

Submission of Incorporation Application

1. The committee shall submit to the competent authority an incorporation application according to the form prepared thereof and the following documents shall be attached:
 - a. Undertaking of the committee to seek completion of the incorporation procedures.
 - b. Memorandum of association and articles of association of the cooperative association on the form prepared for this purpose signed by founders.
 - c. A statement of names of founder members, value of subscription of each member and the amount of money each member paid.
 - d. An economic and financial feasibility study prepared according to the general framework of feasibility studies issued by the Ministry. Such study shall be attached with a detailed work plan showing all elements of the work plan of the cooperative association, different stages, the time and operational schedule for implementation. The study shall be completed by an expert firm approved by the State which enjoys the required expertise. The competent authority may, based on the volume of capital required for stating the activity, the type of the cooperative association and its activity, require a summary study that includes a strategy for work, expected returns, or exempt the cooperative association from the requirement of submitting the study.

- e. An estimated statement approved by the auditor and the committee concerning the expenses, wages and costs expected to be spent in incorporation operations the cooperative association shall pay due to its incorporation.
 - f. An acknowledgement from the committee that subscription in the capital is complete, the amount paid by subscribers for shares prices, a statement of their names, nationalities and the number of shares each one of them subscribed.
 - g. A deposit receipt for the capital of the cooperative association paid at one of the banks operating in the State and recognized in the articles of association.
 - h. Approvals of the competent entities to license the activity.
 - i. Any other documents requested by the Competent Authority.
2. No details may be amended in the incorporation application of the cooperative association after it is submitted to the competent authority throughout any stage of incorporation, whether in the capital of the cooperative association, its objectives, names of founders or other details existing in the incorporation application. If an amendment is desired, the method set for amending the articles of association shall be used.

Article (9)

The Competent Authority's Consideration of the Incorporation Application

1. Deciding the incorporation application:

- a. The competent authority shall check that the documents of the application are fulfilled and then shall inform the committee with its notes concerning the incorporation application and its documents within (10) ten working days.
- b. The committee shall complete what is missed in the incorporation application and shall provide the requirements the competent authority considers necessary for the benefit of the cooperative movement within (15) fifteen working days as of the date of the notification. If the committee does not respond, the competent authority may consider this a waiver of the incorporation application.
- c. The competent authority shall, according to the controls set by the Ministry in coordination with the competent authority, a decision to open subscription and shall notify the committee within one week as of the date such decision is taken. The committee shall, during (10) ten

days as of the date of subscription completion, provide a deposit receipt of the capital of the relevant bank account at one of the banks licensed to operate in the State as set in the articles of association of the cooperative association.

2. Studying and deciding the incorporation application:

- a. The committee shall submit the incorporation application with all documents required according to clause (1) of this Article.
- b. Without prejudice to resolutions issued for incorporation of cooperative associations, the competent authority shall study and decide the application within (20) twenty working days as of the submission date of the application stipulated in Paragraph (a) of Clause (1) of this Article.

3. Meeting with the committee and requesting any additional information:

- a. The competent authority may, within the period stipulated in Paragraph (b) of Clause (2) of this Article, meet with the committee to request additional information and may make additional amendment it considers necessary in the articles of association according to the information provided by the committee.
- b. The committee shall provide the information or make the amendments within (15) fifteen working days as of the date of the notice stipulated in Paragraph (a) of this Clause or the remaining period of the (20) twenty working days as long as this is possible, unless the committee requests additional period for justified grounds. In case the committee does not respond, the competent authority may consider this a waiver of the incorporation application.

Article (10)

Approval of the Incorporation Application

1. Accepting the Incorporation Application:

- a. Upon fulfilling and reviewing the documents of the application, the competent authority shall issue a license of “under incorporation” and shall notify the committee based on its request with its acceptance to open subscription according to the controls set for this regard.
- b. The competent authority shall, upon completion of subscription and the capital required for initiating the activity, approve the incorporation application, registration and declaration of

the cooperative association. The competent authority shall provide a registration certificate to the committee holding the registration number and date within (10) ten working days as of the approval date and the declaration resolution shall be published in the Official Gazette.

- c. Upon the declaration of the Cooperative Association, the Cooperative Association shall bear all the costs and expenses incurred by the Committee for the purposes of incorporation, and the Auditor's Report for these expenses shall be presented to the Constituent General Assembly for discussion and approval.

2. Rejection of the Incorporation Application:

- a. If the competent authority refused the incorporation application, the decision shall be justified.
- b. The competent authority shall issue a decision of rejection that shall be informed to the committee within (7) seven working days as of the expiry date of the set periods.
- c. The committee may, in case of rejecting the incorporation application or not deciding the application within the set periods, appeal before the head of the competent authority or his delegate within (10) ten working days as of the date on which the committee is informed with the decision or the expiry date of the period of deciding the application.
- d. If the competent authority does not decide on the appeal within the set period, this shall be deemed an implicit rejection.
- e. In case of explicit or implicit rejection of the appeal, the committee may appeal before the competent court within (30) thirty working days as of the date of the notice of the rejection or the lapse of such period.

3. Keeping data at the competent authority:

- a. The competent authority shall keep all documents and papers of the cooperative association.
- b. The competent authority shall prepare a database for recording cooperative associations that were incorporated and the ones that were rejected, where all details and data of the cooperative association, the procedures and decisions taken, are kept.

Article (11)

Announcement of Non-Incorporation of the Cooperative Association

If the cooperative association is not incorporated, the competent authority shall announce the committee and stakeholders, whenever needed, via its approved media and at the cost of the cooperative association. Such announcement shall arrange for the following:

1. The amounts that were paid shall be refunded within (10) ten working days as of the issue date of the announcement and the returns arranged.
2. Founders shall incur the expenses spent to incorporate the cooperative association.

Article (12)

Attestation of the Constituent General Assembly for Incorporation Procedures and Appointment of the First BOD

1. The Constituent General Assembly shall convene to discuss the report of the committee and the auditor's report with respect to the incorporation phase, all costs and expenses of incorporation procedures in order to approve them.
2. The cooperative association's first BOD shall be elected by the Constituent General Assembly to replace the committee and shall manage the cooperative association.
3. The competent authority may appoint Directors of the Board if it is not possible to be elected by the Constituent General Assembly.

Article (13)

Subscription in Shares

1. Provisions of this article shall apply to subscription during the incorporation phase to complete the capital required for activity initiation and opening subscription upon declaration of the cooperative association to increase its capital.
2. The following shall be completed with respect to controls and procedures of subscription:
 - a. The committee shall sign the prospectus of subscription and shall be liable for the validity of data and information stated in such prospectus.

- b. Invitation to the offering shall be made by a prospectus to be published in two daily local newspapers, one of them to be issued in Arabic, at least (5) five working days prior to the start date of the offering.
- c. Subscription to the shares shall be in accordance with an application the details of which will be determined by the competent authority. This application shall include, specifically, the name, purpose and capital of the cooperative association, the conditions of subscription, the name, address in the State, profession and nationality of the subscriber, the number of the shares in which they wish to subscribe, and their undertaking to accept the provisions of the memorandum and articles of association of the cooperative association.
- d. Subscription of the founders shall be at least (10%) ten percent of the capital needed to initiate the activity. The competent authority may increase such percentage or set a maximum for subscription when needed according to the type, activity and volume of the cooperative association.
- e. Subscription shall be through the entity or entities licensed to operate in this purpose in the State as determined by the committee in the prospectus. Subscription may be made electronically as determined by the competent authority in this respect.
- f. The entity or entities where subscription occurred shall keep the funds paid by subscribers and the resulting returns from the subscription in the shares of the cooperative association under incorporation. Such funds may not be delivered to the committee unless the cooperative association is registered and declared at the competent authority.
- g. Subscription shall remain open throughout the period determined in the prospectus, provided that such period shall not exceed (30) thirty days.
- h. If subscription is not fully covered in the offered shares within the determined period, the committee may apply to the competent authority to approve an extension period for subscription, which shall not exceed the period set in the prospectus. Extension of subscription period shall be published at least (5) five days before subscription and shall be published in the same method used for subscription.
- i. If the additional period expires without covering all offered shares for subscription, founders may cover the remaining shares, taking into account the requirements of the competent authority in this regard.

- j. If subscription exceeds the number of offered shares, such shares shall be distributed to subscribers on proportion of their subscription or as determined in the subscription prospectus.
- k. Entities that are licensed to receive subscription shall, upon closing subscription, take the following:
 - 1. Allocate shares for subscribers within a period not exceeding (5) five working days as of the closure of subscription.
 - 2. Refund surplus amounts paid by subscribers and the arranged returns for which shares were not located within a period that does not exceed (21) twenty-one working days as of the allocation date of shares to subscribers.

Article (14)

Amendment of the Cooperative Association Articles of Association

- 1. No amendment in the Articles of Association of the cooperative association may be accepted unless subject to a special resolution. The request shall be attached with the draft amendment and the minutes of the General Assembly in which the amendment was decided.
- 2. The competent authority may reject the amendment within (20) twenty working days as of the date of amendment request, stating the reasons for such rejection. The lapse of such period shall be deemed a rejection for the request. The amendment shall be documented according to the procedures approved at the competent authority pursuant to the approval of the draft.
- 3. The BOD may, within (10) ten working days as of date the cooperative association is notified with the rejection decision or the lapse of the twenty working days stated in clause (2) of this Article, appeal before the head of the competent authority. If the appeal is rejected, the BOD may appeal before the competent court within (30) thirty working days upon the issuance of the rejection decision.

Article (15)

Minimum Shares to Keep Equity of Shares for Natural and Legal Persons

- 1. A member shall keep the minimal limit of shares stipulated in the Articles of Association of the cooperative association.

2. Articles of associations shall determine the maximum contribution of natural and legal persons in the capital of the cooperative association according to the controls issued by the competent authority thereof.

Article (16)

Procedures of Acceptance

1. A person who wishes to be a member in the cooperative association shall submit an application in writing, via email or any other electronic means provided by the cooperative association as determined in the articles of association.
2. Membership applications shall be sent to the BOD with the documents showing that the applicant fulfilled membership requirements according to the articles of association of the cooperative association attached.
3. The BOD may require the applicants to bring additional documents upon its discretion to ensure availability of membership requirements. This shall be within (7) seven days as of the membership application date. The applicant shall provide the Board with the required documents within (15) fifteen days as of the notice date.
4. The BOD shall decide on the membership application within (30) thirty days from its delivery date.
5. If the BOD approved the membership application, the applicant shall obtain the capacity of a member from the attestation date and shall be registered in the register of the cooperative association.
6. Upon accepting the membership application, the member shall pay the value of shares and then shall be given the membership certificate.
7. If membership is not approved or the application is not decided on within (30) thirty days stated in clause (4) of this Article, the BOD shall inform the applicant with a justified decision. The candidate may appeal before the competent authority within (30) thirty working days as of the notice date of the decision. In case of rejection, the applicant may appeal before the competent court within (30) thirty working days as of the notice date.
8. The application of any applicant to be a member in the cooperative association may not be rejected if such person meets the membership requirements.

9. Except for clause (8) of this Article, the cooperative association may, upon the consent of the competent authority, set other conditions for a certain period of time concerning the increase of the membership numbers based on the capacity of the cooperative association to absorb the number of its members, field of activity, type or its financial capabilities.
10. The articles of association of the cooperative association may allow the BOD to authorize competences relevant to acceptance of membership stipulated in this Article to the registrar upon trading in the financial markets or any other cases.
11. Without prejudice to the above, financial markets shall, upon trading shares in the financial markets, obtain all requirements of membership for the safety of share trading among their owners.

Article (17)

Cases of Membership Capacity Loss

A member shall lose the membership in the following cases:

1. The loss of one of the conditions that must be available to acquire the capacity of membership as stated in the Law, this Resolution and resolutions issued for its implementation as well as the articles of association of the cooperative association.
2. Death of the natural persons or dissolution of the legal person, unless the articles of association provide otherwise.
3. Withdrawal of the member or membership revocation.
4. If the member renounced all his shares or reduces the number of shares to less than the minimal required in the articles of association of the cooperative association.
5. The loss of membership capacity shall not prevent the member to get compensated with the fair value of membership in the cooperative association at the actual time.

Article (18)

Withdrawal

1. Each member shall be entitled to withdraw from the cooperative association according to the rules and procedures set forth in this Article, taking the conditions stipulated in the articles of association into account.

2. The member may notify the cooperative association with his desire to withdraw within the financial year. Withdrawal shall be deemed final upon the expiry of the fiscal year and approval of the annual financial report and profit and loss account by the General Assembly.
3. Withdrawal from the cooperative association may not be accepted unless the member pays his debts to the cooperative association.
4. Withdrawal request shall be submitted to the Chairman of the Board pursuant to a letter or an email stating the reason for such withdrawal.
5. Withdrawal from cooperative association listed in the financial markets shall be regulated according to a resolution from the Minister in coordination with the Authority and the financial markets.

Article (19)

Revocation of their Membership

1. The General Assembly shall be the competent authority to take decisions of membership revocation, unless the articles of association provides that such resolutions belong to the BOD.
2. The BOD may suggest at the first meeting of the General Assembly to revoke a membership in the following cases:
 - a. If the member deliberately violates the provisions of the articles of association, grossly harms the material or moral interests of the cooperative association, or seriously attempts to harm the interests of the cooperative association that enjoy a special capacity.
 - b. If the member does not abide by the basic obligations decided for the member according to this Resolution and the articles of association of the cooperative association which require due to its nature such kind of obligations, and such member does not comply with such requirement without any acceptable excuse.
3. The proposal of the BOD to revoke a membership shall be justified and shall be after the member is warned in writing for violation of obligations assigned to him. The warning shall indicate the period given to the member to remedy his status.
4. No membership may be revoked unless subject to a justified resolution that the member does not comply with the warning in writing issued by the BOD stipulated in Clause (3) of this Article.

5. The BOD shall call the member to defend himself with all possible ways and enable him to delegate a lawyer to represent him before the General Assembly or the BOD, if the competence of membership revocation belongs to the BOD.
6. A revocation resolution shall be sent to the member within (7) seven days as of the convention of the General Assembly or the BOD as the case may be.
7. The member may appeal before the competent authority within (30) thirty working days as of the notice date of the revocation resolution. In case of rejection, the member may appeal before the competent court within (30) thirty working days as of the notice date of the rejection decision.
8. Membership revocation shall not prevent the compensation of the member for equity of shares with the fair value.

Article (20)

Temporary Suspension

If the cooperative association requires a certain kind of obligations or special conditions to join the cooperative association, non-fulfilment of such conditions shall cause membership suspension according to the articles of association of the cooperative association, provided that the following shall be taken into account:

1. The BOD may, exceptionally, set a limit for damages that may result from the continuous dealing of the member with the cooperative association. This shall be made by temporarily suspend the member to deal with the cooperative association.
2. Such temporary suspension shall prevent the member to deal with the cooperative association during the suspension period.
3. The temporarily suspended member shall enjoy other full rights, including trading in shares, earned profits, the right to be elected, attendance of meetings and voting.
4. Suspension shall be for a period that does not exceed (3) three non-renewable months, or until the status of the suspended period is settled.
5. A member may appeal against suspension resolution or non-termination of suspension period before the competent authority within (7) seven working days as of the date of the suspension notice or the expiry date of the suspension period. In case of rejection from the part of the

competent authority, the suspended member may appeal before the competent court within (30) thirty working days as of the rejection date.

6. If suspension period expires or its reasons do not exist, the Chairman of the Board shall take a decision to end suspension and the suspended member shall be notified within (3) three working days as of the date the decision is issued. The BOD may, if the suspension period expires and the reasons of suspension still exist, suggest the revocation of the membership subject to the same stipulated conditions and procedures.

Article (21)

Effects of Membership Capacity Loss

1. A member who lost his membership capacity may not, in case he is eligible to retrieve his contribution, obtain more than the amount of such retrieval with the fair value, taking into account the nominal value of shares, which is reduced when needed with the portion of loss accumulated for the past years the capital of the cooperative association suffered, or his profits for one fiscal year preceding the date of losing membership capacity is added according to the budget issued at the end of the fiscal year in which the member lost his membership.
2. Such retrieval may not be made unless the person who lost membership fulfils his obligations toward the cooperative association and approval of the financial report of the fiscal year in which membership is lost within the (6) six months following the approval of the financial report.
3. The value of shares of the member may not be retrieved if capital reduction exceeds half of the highest amount it reached since declaration of the cooperative association according to the conditions stipulated in the articles of association, unless the competent authority decides otherwise.
4. The BOD may, according to the procedures stipulated in the articles of association of the cooperative association, give the person who lost membership a grace period extending to the end of the (6) six months following the fiscal year during which losing membership occurred in order to dispose his shares through selling or assigning. If this is not possible, such member shall retrieve the value of his shares according to provisions of this Article.

5. Obligations of the member toward the cooperative association shall expire upon losing his membership, unless they agree otherwise.
6. If losing one member or more members their membership capacity would make the cooperative association subject to dissolution due to reduction of the number of members to less than the minimum required for incorporation of the cooperative association, causes the cooperative association to be suspended to carry on its activity, rise or continuity of losses, the BOD shall notify the competent authority thereto and shall call the General Assembly to exceptionally convene within (15) fifteen days as of the withdrawal notice date in order to consider a way to settle the status of the cooperative association or to dissolve it.
7. The competent authority shall grant the cooperative association a grace period between (6) six months to two years to settle its status. The BOD shall take all necessary measures, including the call of the General assembly to convene for the same topic. If the status is not settled, the cooperative association may be dissolved, without prejudice to provisions stipulated in this Resolution.
8. The BOD shall incur any legal obligations that lead to dissolution of the cooperative association if the BOD can not settle these consequences.
9. Provisions concerning the death of the member:
 - a. All or some heirs of the deceased member may continue in the cooperative association and acquire membership capacity whenever the articles of association stipulate such right. In case membership conditions are not available in the heirs or any one of them as stipulated in the articles of association, they shall be compensated by the cooperative association with the fair value.
 - b. Heirs may, based on a decision from the competent court to distribute the estate, retrieve the value of shares and the resulting profits, loss or debts and financial liabilities of the cooperative association.
 - c. Heirs of full capacity and representatives of minor heirs may choose the representative in the estate.
 - d. If membership conditions are not available for the heirs except the legal age, heirs shall lose membership and they shall be compensated with the fair value at the time of such event.
 - e. Articles of association of the cooperative association shall regulate the relationship between the cooperative association and the minor heirs according to the king of the cooperative

association and its field of activity in a manner that does not affect the rights of heirs and the interest of the cooperative association and its members.

Article (22)

General Provisions on the General Assembly

1. The General Assembly is the supreme authority in the cooperative association and consists of all members who are entitled to vote at the time the General Assembly convenes.
2. The General Assembly that is legally convened shall represent all members and its resolutions shall be applicable and enforceable for all members, including the ones that are against the resolutions, the absent members and the ones that abstained to vote according to the powers decided for the General Assembly in this Resolution and the articles of association of the cooperative association.
3. The competent authority may suspend execution of any resolution the General Assembly issues if such resolution violates provisions of the Law, this Resolution and resolutions issued for its implementation, the articles of association of the cooperative association and the cooperative principles.

Article (23)

Attendance, Voting, and Representation

1. **Right to Attend and Vote:**
 - a. Every member is entitled to attend the General Assembly.
 - b. The General Assembly may be convened via modern electronic methods, provided that members shall be enabled to personally attend, unless the articles of association provide otherwise.
 - c. The right to vote shall be exclusive for members only.
2. **Delegation to Attend the General Assembly Meetings:**
 - a. Every person who is entitled to attend the General Assembly may delegate a person of his choice among the members of the cooperative association not from Directors of the Board or acting members in the cooperative association subject to a special power of attorney in writing where it explicitly provides the right of the proxy to attend the

meetings of the General Assembly and to vote on resolutions. This is provided that signature of the member stated in the aforementioned power of attorney shall be the signature approved by the Notary Public or a bank in the State, on the condition that the principal has an account in that bank.

- b. Persons lacking capacity shall be represented by their legal representatives.
- c. A member may not represent more than one member.
- d. Senior members may not authorize others from senior members.
- e. The original power of attorney shall be delivered to the management of the cooperative association at least (4) four working days prior to the convention of the General Assembly. No power of attorneys shall be accepted after this date.
- f. The one in charge of the general assembly shall take necessary procedures to check the validity of the power of attorneys and shall send a statement to the Ministry and the competent authority, at least two working days prior to the convention of the general assembly with any notes in this regard.
- g. Powers of attorneys shall be annexed to the minutes of the general assembly meeting.

3. Representation of the legal person:

- a. Legal persons shall be represented by their legal representatives or any other persons delegated by the legal person specifically for this purpose. Delegations of legal persons shall be attached to the minutes of the general assembly meeting.
- b. The delegated representative of the legal person shall attend the meeting in person and may not delegate another person to attend instead of him.

4. Attendance of Non-members:

- a. The BOD shall call the Ministry and the competent authority to attend the general assembly meeting.
- b. The BOD may call the Cooperative Association Union to which the cooperative association belongs and the strategic partners. The BOD also may call a person or persons who are not members due to their speciality, expertise and efficiency. The consent of the general assembly for those non-members to attend shall be taken before convention begins.

- c. All persons stated in paragraphs (A) and (B) of this Article shall have the capacity of observers who are not entitled to vote. Their attendance shall be recorded in the minutes of the general assembly meeting.
- d. The representative of the Ministry and the representative of the competent authority may interfere to correct the track of the general assembly meeting whenever needed.

Article (24)

Record of Attending the General Assembly Meeting

1. The cooperative association shall keep a log for attending the meetings of the general assembly containing the names of members, attendants or representatives, their capacities, addresses and the number of shares subscribed and paid by each one of them.
2. Unless the articles of association decide otherwise, registration shall be open until the beginning of the general assembly meeting. The observer of the meeting shall provide the general assembly with the attendance and portion of the quorum of the meeting in order to start the meeting of the general assembly.
3. Attendance log signed by the members or their delegates and which is validated by the observer of the meeting and its chairman shall be attached with the minutes of the general assembly meetings.

Article (25)

The Annual Meeting of the General Assembly

1. The annual meeting of the General Assembly shall convene subject to an invitation from the BOD at least once within the fiscal year within the (4) four months following the end of the fiscal year in the place and time set in the invitation.
2. If the BOD is late to send the invitation for the General Assembly to convene, the competent authority may send such invitation at the cost of the cooperative association.
3. The BOD shall send to the Ministry and the competent authority at least one month prior to the time of the annual meeting of the General Assembly with the following documents:
 - a. The report of the BOD about its works during the year, the current and future projects.

- b. The financial reports of the fiscal year ended, the audited financial statements, a proposal for net profits distribution and all documents that relate to the agenda.
4. The General Assembly, in its annual meeting, shall be competent to consider and take decisions in the following matters as an agenda of the General Assembly meeting:
- a. Reports of the BOD during the aforementioned fiscal year in Clause (3) of this Article containing the axes of senior members and strategic partners when needed.
 - b. The auditor's report.
 - c. Financial statements, profit and loss account.
 - d. Proposals of the BOD concerning net profits distributions.
 - e. Coverage of losses.
 - f. Disclaim of the BOD and the Auditor.
 - g. Removal of BOD members and filing a tort lawsuit against them when needed.
 - h. Electing members of the BOD when needed.
 - i. Appointing Auditors and Setting their Remuneration.
 - j. Notes of the Ministry and the competent authority.
 - k. Attesting the issuance of financial instruments and financing shares held by the strategic partner.
 - l. Any issue submitted to the Board at least (15) fifteen days prior to the date of the General Assembly convention, as set in the articles of association of the cooperative association.
 - m. Other matters included by the BOD in the agenda.

Article (26)

The Extraordinary General Assembly

1. The Extraordinary General Assembly may be convened at any time subject to a call from the BOD pursuant to the request of the following:
- a. Majority of the BOD Directors.
 - b. (10%) ten percent of the members of the cooperative association or (500) five hundred members, whoever is lesser.
 - c. Auditor.

- d. The competent authority, from its own or subject to a request from the cooperative union to which the cooperative association belongs.
 - e. Majority of senior members.
 - f. The Ministry.
2. The aforementioned request in clause (1) of this Article shall be sent to the BOD of the cooperative association, the Ministry and the competent authority. Such request shall indicate the purpose of the meeting and the matters that must be considered.
 3. The BOD shall invite the General Assembly to convene within (21) twenty-one days as of the receipt date of the request and the invitation shall be announced in the set schedules.

Article (27)

Invitation for the General Assembly Meeting and its Agenda

1. The controls required in order to invite the General Assembly to convene:

The cooperative association shall, upon inviting the General Assembly, abide by the following controls:

- a. The consent of the Ministry and the competent authority before sending the invitation for the General Assembly meeting.
- b. Announcing the invitation of the General Assembly at least fifteen (15) days and two months at most prior to the time set for the convention of the General Assembly.
- c. As an exception from the condition stated in clause (B) of this Article, in case the invitation contains an agenda to elect BOD members, the announcement shall be made at least (30) thirty days prior to the time set for the convention of the General Assembly.
- d. The announcement shall be published via electronic media or platforms provided by the cooperative association.
- e. Members shall be informed via SMS, electronic messages, serving at the headquarters of the cooperative association and its branches, taking into account the provisions of this Law and the articles of association of the cooperative association.
- f. Documents and attachments that relate to the topics of the agenda for the meeting shall be published on the website of the cooperative association and the electronic links determined by the competent authority, provided that the cooperative association shall allow getting

such attachments and documents at the headquarters of the cooperative association for any member desiring to obtain after the invitation is announced. In case of the annual meeting of the General Assembly, the following shall be attached to the invitation:

1. The report of the BOD about its works during the year, the current and future projects.
 2. Financial reports of the fiscal year ended and the audited financial statements.
 3. A proposal for net profits distribution.
 4. The notes stated by the Ministry and the competent authority.
- g. The announcement of the meeting invitation shall include the agenda, place, date and time of the first meeting and the second meeting, in the event of the absence of a quorum to validate the first meeting. In addition, it shall indicate who holds the right to attend the general assembly and their right to delegate whoever they select from persons other than the members of BOD under an approved special written power of attorney and the last date to deliver the powers of attorney.
- h. Compliance with any other requirements or requirements determined by the Ministry or the Competent Authority.

2. Special systems for voting:

The competent authority may, with respect to the basic cooperative association which has senior members enjoying multiple voting rights, acknowledge special voting systems at the cooperative association licenses at the competent authority in coordination with the Ministry, such as the following systems:

- a. In person voting.
- b. Voting via electronic methods, the mechanism of controlling such voting and verification of members.
- c. Voting by proxy, the requirements of the proxy card in certain matters and voting thereof.
- d. Any other systems.

3. Agenda of the General Assembly:

- a. The agenda of the annual meeting of the General Assembly shall contain the matters determined in this Resolution. If the General Assembly will be extraordinarily convened, the BOD shall include the required matters in the agenda.

- b. Except for the topics that require a special resolution from the General Assembly, two thirds of the General Assembly may approve the proposal of new clauses to the General Assembly meeting that were not included in the agenda.

Article (28)

Quorum and the Majority of the General Assembly

1. Common provisions with respect to quorum:

All resolutions of the General Assembly shall be enforced, including the resolutions of the following provisions:

- a. The canvasser shall, after closing registration of the General Assembly and checking the capacities and identities of members, provide the General Assembly with the result of the quorum of the meeting.
- b. The General Assembly shall begin its meeting upon announcing the existence of the quorum and appointing an observer for the meeting and canvasser.
- c. If any member or their representative eventually withdraws from the General Assembly meeting after the completion of the quorum, this shall not affect the validity of the General Assembly convention. Voting on resolutions shall be subject to the majority of attending votes.
- d. If the number of the cooperative association members exceeds (50) fifty members, percentage of the members who are not from the BOD members and the employees of the cooperative association must exceed half of attendants. The exception from this condition shall be the cooperative associations of employees and professionals.

2. Quorum at the first meeting:

Without prejudice to common provisions with respect to the quorum stipulated in clause (1) of this Article, the quorum shall exist in the General Assembly meeting with the attendance of members representing at least (50%) fifty percent of the members of the cooperative association.

3. The second meeting and its quorum:

- a. Without prejudice to common provisions with respect to the quorum stipulated in clause (1) of this Article, if the quorum does not exist at the time set for the General

Assembly to convene at its first meeting, a second meeting shall be held with the same invitation for the meeting within (5) five days after the convention date of the first meeting. The second meeting may be held at the same day after the lapse of at least half an hour from the first meeting.

- b. The second meeting shall require the attendance of (10%) ten percent of members or the following numbers, whichever is lesser:
 - 1. (3) Three members if the number of the cooperative association members is not more than (100) one hundred.
 - 2. (7) Seven members if the number of the cooperative association members is between (101) one hundred and one and (1000) one thousand.
 - 3. (20) Twenty members if the number of the cooperative association members is between (1001) one thousand and one and (10000) ten thousand.
 - 4. (30) Thirty members if the number of the cooperative association members is more than (10,000) ten thousand.
- c. If the quorum does not exist in the second meeting, the invitation for the meeting shall be renewed within a period that does not exceed a month and the same provisions stipulated in clause (1) of this article and Paragraphs (A) and (B) of this Clause shall apply. If the quorum is not complete, the matter shall be referred to the competent authority to decide what is suitable with respect to the existence of the quorum at the second meeting. This shall be except for the resolutions that would dissolve the cooperative association or transform it into a commercial company or its merger.

4. The majority required to approve resolutions:

Resolutions shall be taken by the majority of votes of the attending members. When the attending votes are equal, the vote of the chairman of the meeting shall be the casting one.

Article (29)

Requirements to Regulate Special Resolutions

1. Fields of special resolutions:

- a. Special resolutions are issued for substantial matters for the cooperative association, such as the following:

- 1) Amendment of the Articles of Association and Memorandum of Association.
 - 2) Transforming the Cooperative Association into a commercial company.
 - 3) Dissolution of the Cooperative Association.
 - 4) Merger of the Cooperative Associations into another Cooperative Association.
 - 5) Dismissal of BOD Directors and the change of the BOD.
 - 6) Entry of a strategic partner.
 - 7) Receiving gifts and donations.
- b. Articles of association of the cooperative association may provide any other cases that require a special resolution.

2. The quorum required for special resolutions:

- a. Without prejudice to the common provisions with respect to quorum stipulated in clause (1) of article (28) of this Resolution, all provisions stipulated in clause (2) and paragraph (a) of clause (3) of article (28) of this Resolution shall apply to the quorum required to exist with respect to matters that require special resolutions.
- b. If the convention of the General Assembly is adjourned to the second meeting, the quorum shall exist with the attendance of (15%) fifteen percent of members or the following numbers, whichever is lesser:
 - 1) (6) Six members if the number of the cooperative association members is not more than (100) one hundred.
 - 2) (15) fifteen members if the number of the cooperative association members is between (101) one hundred and one and (1000) one thousand.
 - 3) (40) Forty members if the number of the cooperative association members is between (1001) one thousand and one and (10000) ten thousand.
 - 4) (60) sixty members if the number of the cooperative association members is more than (10,000) ten thousand.
- c. If the quorum of the special resolution is not complete, the invitation may be renewed. If the quorum does not exist, the matter shall be referred to the competent authority to decide what is suitable, except for resolutions that would dissolve the cooperative association or transform it into a commercial company or its merger.

3. Provisions that relate to quorums of attendance for the second meeting in the resolutions to dissolve the cooperative association or transform it into a commercial company or its merger.

- a. As an exception from Paragraphs (B) and (C) of clause (2) of this Article, if the General Assembly convention is adjourned to the second meeting, the meeting shall be convened as valid with respect to the matters that relate to dissolution of the cooperative association or transform it into a commercial company or its merger if the following quorums exist:
 1. (40%) Forty percent if the number of the cooperative association members is not more than (100) one hundred.
 2. (30%) Thirty percent if the number of the cooperative association members is between (101) one hundred and one and (1000) one thousand.
 3. (20%) Twenty percent if the number of the cooperative association members is between (1001) one thousand and one and (10000) ten thousand.
 4. (10%) Ten percent if the number of the cooperative association members is more than (10,000) ten thousand.
- b. If the quorum is not complete at the second meeting, the invitation may be renewed after (6) six months from the date of the last meeting. If the quorum is not complete, the matter shall be referred to the competent authority to decide what is suitable with respect to the existence of the quorum at the second meeting.

4. Quorum for voting on the special resolutions:

- a. The special resolution shall be taken by the majority of two thirds of the attending votes.
- b. Voting on the special resolution shall be extended for a week according to the mechanism decided by the General Assembly, provided that such procedures shall be approved by the competent authority.
- c. All members shall have one vote upon voting on the special resolution whatever their contribution in the capital.

Article (30)

Record of Minutes for the General Assembly Meeting

The cooperative association shall record the meetings of the General Assembly in minutes dedicated for this purpose, and shall abide by the following:

1. The minutes of the meeting shall contain the names and capacities of the attending members, including senior members in the basic cooperative associations, the weighted votes, whether in person or by proxy, and the resolutions taken, the number of votes that approved or disapproved such resolutions, and a full summary of the discussions made at the meeting.
2. The minutes shall be free from spaces, writing on the margins, scratches or additions.
3. The minutes shall be recorded after the end of each meeting in a special record with serial pages and the chairman of the general assembly meeting, the secretary of the meeting, the canvasser, the observer and the auditor shall sign such minutes in order to be kept at the register at the headquarters of the cooperative association.

Article (31)

Chairman of the General Assembly

1. The meeting of the General Assembly shall be chaired by the chairman of the Board. In case of his absence, the vice-chairman shall delegate him. If the two are absent, any member of the Board chosen by the Board may chair the meeting. If the Board does not choose a member, any member chosen by the General Assembly shall chair the meeting.
2. If the General Assembly investigates a matter that relates to the chairman of the meeting, the General Assembly shall choose a member to chair the meeting during the discussion of this matter.
3. The chairman of the General Assembly shall manage and supervise the works of the General Assembly.
4. The chairman of the General Assembly shall announce, before opening the session, that the works of the meeting will be managed under his supervision as the chairman of the General Assembly.

5. The chairman of the General Assembly or his delegate shall inaugurate the meeting of the General Assembly. The most important tasks of the chairman shall be as follows:
 - a. To announce the number of attending members, the number of votes, percentage of attendance, the quorum required for the General Assembly, the extent to which the quorum is complete, and the procedures, systems and mechanisms used for voting.
 - b. To get the consent of the members to appoint the secretary of the meeting and a canvasser.
 - c. To present the matters listed in the agenda, the summary of reports and documents to the General Assembly for consideration and to invite members to vote on the points listed in the agenda.
 - d. To request the canvasser to collect, sort out votes and present the results of voting.

Article (32)

The Secretary, Observer and Canvasser of the Meeting

1. The BOD shall appoint a secretary for the meeting whose task is to record the minutes of the meeting.
2. The General Assembly shall appoint among its members an observer or observers for the meeting whose task is to observe the works of the meeting, sign the attendance log and ensure the quorum, voting and results if sorting out of votes, etc.
3. The General Assembly shall appoint a canvasser or canvassers among its members who are not BOD members in order to collect and sort out votes.

Article (33)

Discussion of the Agenda

Each member attending the works of the General Assembly shall be entitled to discuss the topics listed in the agenda of the General Assembly and raise questions to the BOD members and the auditor, and the latter shall respond.

Article (34)

Voting on Resolutions of the General Assembly

1. Each member in the General Assembly shall have one vote regardless his contribution in the capital, except for the multiple voting rights for senior members.
2. Articles of association of the cooperative association shall determine the method of voting on the resolutions of the General Assembly, abiding by the following controls:
 - a. Voting shall be in secret if resolutions relate to election of BOD members or their dismissal, or any other matters recognized by the articles of association of the cooperative association.
 - b. BOD members may not participate in voting if the resolutions of the General Assembly relate to disclaimer of BOD members against liability of their management or relate to their reimbursement, a benefit for them or a dispute existing between them and the cooperative association.

Article (35)

Voting Systems

1. Voting may be made in the meetings of the General Assembly via electronic methods, unless the articles of association of the cooperative association explicitly prevents thereto.
2. Requirements designated in the Cabinet Resolution concerning the system of corporate governance and discipline for Cooperative Associations stipulated in Article (7) of the Law shall be fulfilled while using voting via modern technological methods and remote attendance of the General Assembly meeting.

Article (36)

Enforcement of the General Assembly Resolutions

1. The BOD shall enforce the General Assembly resolutions, taking into account the Law, this Resolution and the resolutions issued for its implementation as well as the articles of association of the cooperative association.
2. The BOD shall abstain to enforce and execute illegal resolutions, even if they are approved by the General Assembly.

Article (37)

BOD Formation

The cooperative association shall be managed by the BOD and the articles of association of the cooperative association shall determine the method of the Board formation, number of its members and tenure of membership, taking into account the provisions stipulated in the Law, this Resolution and the resolutions issued for its implementation.

Article (38)

Electing Members of the BOD

With the exception of the cases where the BOD members are nominated by the competent authority, BOD members shall be elected according to the following:

1. BOD members shall be elected by the General Assembly through the ballot without raising the hands.
2. The BOD shall open the candidacy at most two months and at least one month before the date scheduled for the General Assembly convention. Candidacy shall be closed (15) fifteen days before the date scheduled for the General Assembly convention.
3. The BOD shall inform the Ministry and the competent authority with the date to open and close candidacy, the date of election and a statement of candidates promptly upon closing the candidacy door. The Ministry and the competent authority may send an observer or observers to supervise the process of election.
4. Every stakeholder may challenge the election process or the validity of election for a member of members of the Board within (15) fifteen working days after the result of election is announced before the head of the competent authority.
5. The decision to accept or reject the challenge shall be issued within a month from submitting the petition. The decision to reject the petition shall be justified and may be appealed before the competent court within (30) thirty working days as of the notice date to the relevant person.
6. In cases where it is hard to elect a new BOD, the BOD whose tenure expired shall continue to facilitate the works of the cooperative association. In this respect, such Board may carry out the original competences with the extent required to manage the works without making any new unnecessary obligations. Its tenure shall end as soon as the works are delivered to the new BOD.

Article (39)

Duties and Obligations of A BOD Member

1. The BOD member shall attend the meetings of the Board and participate regularly in its works, review the information and data of the cooperative association, take care of its interests, avoid any harm to the cooperative association, keep confidentiality of information and data and perform the due diligence.
2. Articles of associations shall determine other duties of BOD members whenever the nature of the cooperative association requires thereto.

Article (40)

BOD Vacancies

1. If seats in the BOD are vacant between the times of the General Assembly convention for any reasons, the Board of Director shall occupy such vacant seats with the reserve members who were previously candidates for the Board membership according to the arrangement of votes they obtained at the last General Assembly meeting where election was made, or completion of the BOD without election.
2. Reserve directors shall proceed their tasks temporarily until the convention of the following General Assembly that will elect directors for the remaining period of the existing BOD.
3. If no members from the General Assembly are nominated to occupy the vacant seats, the member or members who were in the Board shall remain until new members are elected during the following meeting of the General Assembly, otherwise, the BOD shall inform the competent authority to take what is suitable upon its discretion according to the interest of the cooperative movement.
4. If there are no reserve directors and the vacant seat has an impact on the quorum, the competent authority shall be informed and candidacy shall be opened within (30) thirty days and the General Assembly shall be invited to convene in order to elect directors to occupy the vacant seats in the BOD.
5. Resignation or a BOD member or directors shall not be deemed accepted if this affects the minimal number of BOD members stipulated in the articles of association of the cooperative

association before inviting the General Assembly to convene to elect the rest of BOD members or a new BOD.

Article (41)

Agreements of the BOD Members That Are Subject to Prior Approval

1. Any agreement made, directly or indirectly or through a third party, between the cooperative association and a BOD member, or a relative until the fourth degree, or any person who is assigned to facilitate the works of the cooperative association, or participates in managing the cooperative association, shall be subject to prior approval from the BOD.
2. Provisions of clause (1) of this Article shall apply to agreements concluded between the cooperative association and the institutions where a BOD member, or any person who is assigned to facilitate the works of the cooperative association, or participates in managing the cooperative association, exists.
3. Provisions of clauses (1) and (2) of this Article shall not apply to the agreements concluded within the normal obligations of the cooperative association members in dealing with the cooperative association and the activities it performs within the framework of its purpose stated in the articles of association.
4. The auditor shall submit to the General Assembly a special report at the end of the fiscal year on the agreements that were approved by the BOD.
5. The cooperative association shall set controls with respect to conflict of interest of the BOD members in order to achieve the following:
 - a. Disengagement between ownership and management.
 - b. Disengage tasks and the BOD member, or any of his relatives till the fourth degree, shall have no common or conflicting interest in a deal or transaction with the cooperative association.
 - c. Mechanism of disclosure shall be determined for the BOD member in case there is a conflict of interest and the disclosure shall be recorded in the minutes of the BOD in order to take the appropriate decision in this respect.
 - d. The BOD member shall be prohibited to participate in the deliberation and voting on any topic that has a conflict of interest.

Article (42)

Meeting of BOD

1. Number of annual meetings and place of convention:

BOD shall meet at the headquarters of the cooperative association or any other place, at least once every (3) three months, unless the articles of association provides more. BOD may meet whenever there is an interest for the cooperative association.

2. Meetings invitation:

- a. The invitation for the meeting shall be sent via the email of the cooperative association or any other electronic means by the chairman of the Board or his delegate in case the chairman can not send such invitation, or based on a request to be submitted by one third of the BOD members to the chairman, unless the articles of association of the cooperative association provide otherwise.
- b. Invitations to attend the meetings of the Board shall be sent at least (7) seven days prior to convention, and this period shall be reduced to (3) three working days if the meeting relates to urgent matters. The invitation shall be attached with the agenda and each Director may add any subject he considers necessary to be discussed at the meeting.

3. Quorum and the majority:

- a. Convention of the Board shall not be valid unless at least majority of directors are present and with the presence of the chairman of the meeting.
- b. In case the quorum does not exist in the first meeting, a call for a second meeting shall be made in order to consider the same agenda within a period that does not exceed (5) five days as of the date of the adjourned meeting.
- c. The Board's decisions shall be issued by a majority of votes of the attending members. In the event of parity, the chairman of the meeting shall have the casting vote.

4. Attendance and Representation:

Attendance in the meetings of BOD shall be confined to BOD Directors only, provided that BOD may call certain person or persons to attend for reasons that relate to the work of BOD without the right to vote on the decisions.

5. Remote convention of BOD meetings via technologies:

BOD meeting may convene via remote attendance by using relevant technologies, provided that requirements designated in the Cabinet Resolution concerning the system of corporate governance and discipline for Cooperative Associations stipulated in Article (7) of the Law shall be fulfilled.

Article (43)

BOD Competences

1. BOD shall practise is competences designated in the articles of association of the cooperative association.
2. BOD shall have all powers to manage the cooperative association and conduct its affairs and interests except the competences explicitly assigned to the General Assembly or other authority in the cooperative association subject to the Law, this Resolution and the resolutions issued for its implementation, or pursuant to the articles of association of the cooperative association.
3. BOD shall prepare at the end of each fiscal year a report about the progress of the cooperative association containing the economic position of the cooperative association, including the annual work plan, the programs of BOD to deal with loss, if any, the development of revenues and to approve the financial statements. These documents shall be presented to the annual General Assembly. BOD shall decide on all proposals presented to BOD, prepare meetings of the General Assembly and determine its agenda according to this Resolution and the articles of association of the cooperative association.
4. BOD shall, specifically, carry on the following tasks, unless competences decided by the regulations of cooperative associations provide otherwise:
 - a. Set, execute and review the strategic orientations, the main objectives of the cooperative association, the main work plans as well as setting performance indicators and follow up execution thereof.
 - b. Set programs for cooperative training and education for the interest of the cooperative association members and employees.
 - c. Form specialized committees, set its tasks and period of its delegation.
 - d. Develop a clear policy, regulations and procedures to verify the extent to which cooperative principles are respected.

- e. Keep records and books of the cooperative association as well as the minutes of the BOD meetings.
- f. Ensure that preparation of the financial statements conforms with the applicable rules and provisions of cooperative associations and in accordance with the International Financial Reporting Standards and International Accounting Standards.
- g. Accept the withdrawal and take decisions to temporarily suspend a member to deal with the cooperative association, and suggest the revocation of membership to the General Assembly.
- h. Temporarily fill the vacant seats in BOD.
- i. Facilitate the members' practice of their rights in the cooperative association and ensure that they recognize their duties.
- j. Appoint the Director General or the CEO, the managing director and send the appointment decision of the managing director attached with the appointment reasons to the Ministry and the competent authority for their notification.
- k. Decide on all deals and agreements.
- l. Permit to claim the due amounts for the cooperative association and to pay the amounts required from the cooperative association.
- m. Permit to open all current accounts and deposit accounts among other accounts at all banks and financial institutions and to give necessary authorizations to facilitate such accounts.
- n. Permit to withdraw the funds directed to the cooperative association and to dispose the commercial papers.
- o. Purchasing or selling properties.
- p. The decision to contribute to the capital of another cooperative association or to participate in any other non-cooperative institution that relates to the activity of the cooperative association, provided that BOD shall inform the General Assembly in its annual report with the kind of obligations on the cooperative association and the undertakings approved. BOD shall appoint natural persons who represent the cooperative association at the General Assemblies and BODs of other institutions.
- q. Terminate contracts and conclude reconciliation thereof, taking the interest of the cooperative association into account.

- r. Appoint or terminate the services of the cooperative association employees, determine their wages, and give them reimbursements.
- s. Oversee the works of the executive management in the cooperative association.
- t. Consider the decisions that relate to loans, deposits and investments.
- u. Consider the notes of the supervisory authorities and the auditors and take remedies accordingly.
- v. Execute the instructions and resolutions of the General Assembly, setting necessary ways to achieve them.
- w. Consider the reports of the internal audit and take necessary procedures thereto.
- x. Approve the annual budget.
- y. Attesting the feasibility study for the issuance of financial instruments and financing shares held by the strategic partner in order to duly submit it to the General Assembly.
- z. Decide on the resignations submitted by a BOD member or members.

Article (44)

Capital Accumulation

1. Capital of the cooperative associations shall consist of cash shares, in-kind shares or one of them.
2. The articles of association for the cooperative association shall determine the nominal value per share.
3. The cooperative association shall, upon incorporation, have a capital with the required amount to achieve its objectives.
4. Articles of association of the cooperative association shall determine the controls and conditions concerning the maximum limit of shares the member should keep in order to acquire the capacity of a member with respect to issuing or disposing such shares, its value, the due profits and its relevant rights.
5. Each member shall pay the aforementioned value of shares in clause (4) of this Article in full upon subscription.
6. Unless the articles of association of the cooperative association provides the full payment of the value of shares upon subscription, the member shall pay at least three quarters of cash shares price upon subscription. The remaining part shall be paid on periods that are determined in the

articles of association of the cooperative association, which shall not exceed two years as maximum, beginning from the date on which subscription becomes final.

7. Cash contributions shall be deposited in a bank in the State, and the bank may not pay them except to the BOD of the Cooperative Association after providing a proof that the cooperative association was announced and registered at the competent authority.
8. In-kind shares shall be subject to the following conditions:
 - a. In-kind shares are financially assessable assets and are not commitments or the provision of a service or supply.
 - b. Ownership of the in-kind shares shall be fully transferred to the cooperative association by its owners as a full payment of the nominal value of their shares. The shares that represent such in-kind shares may not be handed over to them before ownership transfer.
 - c. In-kind shares shall be evaluated at the expense of its providers by an expert firm approved by the concerned entities in the State. The value of in-kind shares shall be estimated in a report that contains a description for each in-kind share, its contents, the method of evaluation and its importance for the cooperative association.
 - d. The assessment report of the in-kind shares shall be lodged at the headquarters of the cooperative association (15) fifteen working days prior to the meeting of the Constituent General Assembly during incorporation, or before the BOD meeting after incorporation to approve the assessment of in-kind shares and consider membership application.
9. Ownership of shares shall be proved for members by registering such ownership in the register of the cooperative association as per the historical arrangement subject to certificates to be delivered to the member and are signed by the BOD.

Article (45)

Capital Increase

1. The cooperative association may increase its capital in order to cope with the development of its activities. Capital increase shall not require an amendment in the articles of association.
2. Capital increase of the cooperative association shall be accumulated subject to a resolution to be issued by the General Assembly according to the following methods:
 - a. Subscribing new shares by the current members or to join new members.

- b. Convert a percentage of net profit distributed to members at the end of the fiscal year into shares in the cooperative association subject to a resolution to be issued by the General Assembly, provided that such transfer shall not exceed the portions determined for distributions.
 - c. Convert a part of optional reserves into additional shares in the cooperative association subject to a resolution to be issued by the General Assembly, provided that such procedure is stated in the articles of association of the cooperative association.
 - d. Convert bonds and lending sukuk issued by the cooperative association into shares in the cooperative association according to the maximum limit of possession for the member as stipulated in the articles of association, provided that requirements of membership are fulfilled, and other requirements are met.
3. As an exception to the provisions of this Article, the Competent Authority may issue decisions regulating the increase of the capital of Cooperative Associations that fall within its jurisdiction, including the provisions regulating the increase of the capital of such Cooperative Associations through the inclusion of new members or the contribution of the local government to the capital of the Cooperative Association. The Ministry may issue resolutions regulating procedures for capital increase.

Article (46)

Capital Reduction

1. Capital of the cooperative association may be reduced subject to a resolution to be issued by the General Assembly without requiring an amendment in its articles of association.
2. Capital reduction may be due to losses.
3. Capital may not be reduced to less than half of maximum value the capital reached since declaration. The competent authority may decide to raise this percentage for certain kinds of cooperative associations whenever there is an interest for the cooperative movement.
4. Capital of the cooperative association is reduced due to the exit of members out of the cooperative association or when the cooperative association purchases its shares according to the provisions designated with respect to treasury shares.

5. As an exception from provisions of clauses (2) and (3) of this Resolution, the competent authority may issue resolutions that regulate capital reduction of cooperative associations that enter within the scope of its jurisdiction. Besides, the Ministry may issue resolutions that regulate capital reduction.
6. If the cooperative association receives funds from the Government in the form of loans, or receives a loan guaranteed by the Government, then, the cooperative association may not reduce its capital to less than the capital amount existing before the cooperative association received the loan, until the cooperative association repays the full loan amount.
7. Notwithstanding the above, the cooperative association shall get the resolution to reduce capital after conducting necessary studies that show the expected impact, whether on the business level, the financial or legal impact.
8. Procedures determined by the competent authority and the articles of association of the cooperative association shall be followed, which include the following:
 - a. Obtaining the opinion of the independent auditor, showing a recommendation before taking the decision to reduce capital.
 - b. Submitting the study prepared for capital reduction to the competent authority with the opinion of the auditor attached in addition to the legal opinion of a neutral entity, showing the consequences and liabilities expected in this respect.
 - c. Submitting a recommendation with respect to capital reduction to the competent authority, showing an analysis of the aforementioned study in clause (7) of this Article, in addition to a treatment of the auditor's notes, the legal opinion and any other aspects that need clarifications.
 - d. To inform relevant persons through appropriate means with the desire of the cooperative association to reduce the capital and giving them a month to provide their notes.
 - e. Taking the necessary legal procedures to reduce capital as stated in the resolution that will be issued by the Minister.

Article (47)

Transfer of Shares of the Cooperative Association

1. Provisions of this Article shall apply to transfer of shares ownership without exceeding the minimal limit to keep the capacity of membership.
2. A member may transfer shares ownership that are more than the ones that should be kept and shall transfer or assign its ownership in any form for the interest of another person that is not a member but who is consistent with the membership conditions.
3. Transfer of shares ownership shall be registered at the register of the cooperative association. The register shall specifically contain the name of the assignor member, the name of the assignee, registration number at the register of the cooperative association in addition to the enforcement date of the assignment.
4. BOD or the registrar, as the case may be, shall state in the decision of rejection the reasons of such decision. The relevant member or members may challenge the decision before the General Assembly, provided that the BOD shall be informed within (3) three months as of the date they are informed with the decision. BOD shall include the challenge against the decision in the agenda of the nearest meeting of the General Assembly.

Article (48)

Member Renunciation of His Shares Without Retrieving its Value

1. A member may renounce his shares for the interest of the cooperative association without claiming to retrieve its value. Amounts of the renounced shares shall be listed within the amounts resulting from gifts and donations.
2. A member shall lose his membership capacity if the member renounced all his shares or reduces the number of shares to less than the minimal required in the articles of association of the cooperative association.

Article (49)

Share Premium, Share Discount, and Share Fees

1. **Share premium and share discount:**
 - a. Share premium and share discount shall apply on shares whenever justified.

- b. The cooperative association may, subject to a resolution to be issued by the General Assembly and upon obtaining the consent of the competent authority, decide the following:
 - 1. Add a share premium to the nominal value of shares if its market value is more than its nominal value. A share premium shall be added to the optional reserve stipulated in this Resolution.
 - 2. A share discount on the nominal value of shares if its market value is less than its nominal value. The consideration of the share premium shall create a negative reserve in the equities and shall be paid as a discount from the future profits of the cooperative association before approving any distributions of net profits.
- c. Share premium and share discount shall be assessed by a financial expert firm accredited by the State.
- d. BOD shall, within (30) thirty working days as of the date of the General Assembly resolution concerning the share premium and share discount, send a request to the competent authority to approve the resolution. In case of rejection, the decision of the competent authority shall be justified. The cooperative association may appeal the decision before the competent court within (30) thirty working days as of the date of the decision notification.

2. Issue Fees:

- a. Transfer of bonds and sukuk into shares shall be subject to issue fees in order to cover the costs of subscription.
- b. The cooperative association may, subject to a BOD resolution, decide issue fees on shares which shall not exceed the full costs of subscription stipulated in Paragraph (a) of this clause, divided into the number of shares offered for subscription after obtaining the consent of the competent authority.
- c. BOD shall, within (30) thirty working days as of the decision to impose issue fees, send a request to the competent authority to approve the decision. In case of rejection, the decision of the competent authority shall be justified. The cooperative association may appeal the decision before the competent court within (30) thirty working days as of the date of the decision notification.

Article (50)

Treasury Shares

1. The cooperative association may not purchase its shares unless for the purpose of capital reduction or retrieval of such shares and terminating its lien. The cooperative association shall not, upon acquiring such shares, receive any voting rights or a share in the profits.
2. As an exception from provision of clause (1) of this Article, the cooperative association may purchase a percentage of its shares to dispose such percentage through any form of disposition, including transfer of ownership.
3. Whether the cooperative association is listed or unlisted in the financial market, conditions and procedures of treasury shares shall be determined subject to a resolution from the financial market upon coordination with the Ministry and the competent authority in this regard.
4. Notwithstanding the above, the cooperative association shall disclose all its transactions to purchase or sell treasury shares at all time, whether such shares are listed or unlisted in the financial markets.

Article (51)

Financial Instruments and Financing Shares Issued by the Cooperative Association and Held by the Strategic Partner

The cooperative association shall issue financial instruments and financing shares according to the following standards:

1. Submitting a detailed study concerning the financial instruments and financing shares, including the details of the agreement with the strategic partners, the reasons, the added value, the risks, retention period of the financial instruments and financing share, the return, the studies, data, statistics and any determinants or privileges to be resolved by the General Assembly with a special resolution.
2. The study stated in clause (1) of this Article shall be prepared and conducted by a specialized and professional entity where the average price or the fair price shall be determined based on justified professional foundations.
3. The study stated in clause (1) of this Article should fulfil the requirements of professional governance followed in this respect.

4. Funds collected due to financing shares and financial instruments shall be exclusively allocated for the purposes that are consistent with the reasons of the study stated in clause (1) of this Article.
5. Cooperative association may issue different forms of financial instruments and financing shares with different categories and privileges, including sukuk, financing shares, bonds, future contracts, financial certificates and derivatives among other forms.
6. Without prejudice to clause (5) of this Article, the lender shall not acquire the capacity of a strategic partner with respect to sukuk and lending bonds issued by the cooperative associations for the purpose of lending from the public or private sectors.
7. Percentage of the financial instruments and financing shares of the individual strategic partner shall not exceed (50%) fifty percent of the full financial instruments and financing shares in case the strategic partners are multiple and there is a competition for such instruments, unless the nature of the strategic partner requires otherwise. The details of the special resolution issued shall state reasons thereto.
8. Period of the actual activity of the cooperative association shall not be less than (3) three years as of the date of its declaration.
9. Possessing the financial instruments and financing shares shall not violate the financial equilibriums of the cooperative association.
10. The Cooperative Association BOD may approve trading of the financial Instruments and financing shares and assignment of the same among the strategic partners.
11. Priority right to receive annual profits, and ensuring the minimal profits from bonds and sukuk shall be obtained, provided that percentage of such profits shall not exceed the double of profits distributed to the shares of the cooperative association in such fiscal year or the preceding year, unless this is reasonable.
12. Priority right to receive returns upon liquidation.
13. The Ministry may, in coordination with the competent authority, suspend the issue operations and trading in financial instruments and financing shares in any of the following cases:
 - a. Whenever there is any proof referring that a loss in capital, reserves, financial returns and the nominal value of additional shares occurred due to obligations of the cooperative association toward strategic partners.
 - b. Infringement of the cooperative association's independence or the interests of its members.

Article (52)

Types of Reserves

Without prejudice to provisions regulating the legal and optional reserves stipulated in Law, reserves shall be subject to the following provisions:

1. Legal Reserve:

- a. (10%) of the Cooperative Association net profits shall be deducted every year and allocated to form a legal reserve, unless articles of association of the cooperative association determines a higher percentage.
- b. The General Assembly may suspend this deduction whenever the legal reserve reaches (50%) fifty percent of the capital of the cooperative association, unless the articles of association of the cooperative association provides a higher percentage. In all cases, the cooperative association may transfer the amount that exceeds the maximum percentage of the legal reserve into an optional reserve.
- c. Unclaimed shares and returns of members shall be added to the legal reserve.
- d. The legal reserve may not be distributed as profits to the members or returns on financing shares or financial instruments.
- e. The competent authority may allow the distribution of a part of the legal reserve according to the controls and conditions determined by the competent authority without reducing such legal reserve to the half of the capital.

2. Optional Reserve:

The cooperative association may, without prejudice to its articles of association, allocate the optional reserve for any of the following purposes:

- a. Development of the cooperative association activity and implementation of investments.
- b. For the benefit of the Cooperative Association movement, provided that it does not exceed (3%) three per cent of net profits, including training, Cooperative Association education, and encourage support for new or existing Cooperative Associations.
- c. Each member shall contribute to these reserves in accordance with their contribution, whether the purpose for which they were allocated is achieved or not.

3. Funds generated from Capital Profits:

Capital profits resulting from the sale of assets at a price higher than their book value and not related to the Cooperative Association operational or commercial activities shall be allocated to expand the Cooperative Association business and enter into long-term capital projects. The Competent Authority may allow the distribution of a portion of these profits in accordance with the controls and conditions it determines.

4. Funds generated from grants and donations:

The value of grants and donations decided for the benefit of the Cooperative Association shall be included separately within the optional reserve, and these funds shall not be subject to distribution. However, part of the value of grants and donations may be used for purposes not stipulated in the bylaws, in accordance with the controls set by the Competent Authority in coordination with the Ministry.

Article (53)

Social Responsibility Allocation

1. The Cooperative Association, after the approval of the Competent Authority and the issuance of a decision by the General Assembly, may allocate a percentage of its annual profits – if any – to Social Responsibility, provided that this percentage is not less than (1%) one per cent and does not exceed (10%) ten per cent of the net profits.
2. The Cooperative Association shall disclose on its website, if any, or social media, after the end of the fiscal year whether or not it has carried out its Social Responsibility.
3. Funds allocated for Social Responsibility are spent on sustainable development projects, social and public interest projects, charitable works and other approved projects in this regard.
4. Taking into account the previous Clause, the Competent Authority shall determine the controls related to the areas and expenditures of Social Responsibility in coordination with the relevant concerned authorities.
5. The Auditor Report and the annual Financial Statements of the Cooperative Association shall include the entity or entities benefiting from community contributions.

Article (54)

Transferring Part of Optional Reserves to Capital

1. The first transfer may not exceed half of the available reserves at the end of the fiscal year preceding the General Assembly convening. In the remaining subsequent years, the transfer may not exceed half of the excess value recorded by the reserve funds from the last transfer.
2. The transfer of optional reserves shall cease when the capital amount reaches the maximum amount it has been since the Cooperative Association was declared.

Article (55)

Distributable Net Profits

1. The net profits for each fiscal year consist of the revenues generated from its business and activities after deducting the Cooperative Association annual expenses and burdens, including payment of wages due to its employees and users and its operating expenses, in accordance with the Financial Statements prepared in accordance with the International Financial Reporting Standards and International Accounting Standards.
2. The net profits specified in Clause (1) of this Article may not be distributed except after deducting the following:
 - a. Amounts to cover the negative result, losses and debts owed by the Cooperative Association for the previous fiscal year or years. However, a Cooperative Association that has achieved profits and has accumulated losses from the previous fiscal year or years may distribute returns on transactions for the benefit of its members not exceeding (30%) thirty per cent of the net profit achieved or any other percentage determined by the AOA, provided that the Competent Authority approves.
 - b. Profits from Revaluations.
 - c. The reserves stipulated by law, this decision and the Cooperative Association AOA.
 - d. Returns on financing shares and financial instruments under the strategic partnership contract concluded between the strategic partner and the Cooperative Association.
 - e. All government dues such as taxes, etc.
3. The Cooperative Association may settle the debts owed by members or strategic partners to the Cooperative Association from their share of profits.

Article (56)

Net Profits Distribution

1. After deducting the legal and optional reserves and the allocations allocated for Social Responsibility by the General Assembly, and the returns on financing shares and financial instruments, if any, the remaining net profits for the ended fiscal year shall be distributed in the following order:
 - a. What the General Assembly decides as returns on members' dealings with the Cooperative Association shall be distributed in proportion to each member dealings, not less than (20%) twenty per cent and not more than (70%) seventy per cent of the remaining net profits unless the bylaws specify other proportions. The proportion of each member dealings with the Cooperative Association shall be determined based on the following:
 1. In proportion to the value of purchases made by the member in Consumer Cooperative Associations.
 2. In proportion to the work actually accomplished by the member in the Cooperative Associations of employees and professionals.
 3. In proportion to the member transaction number with the Cooperative Association or the volume of services used by the member in other Cooperative Associations, whether productive, community, service, or other.
 4. Any other criteria stipulated by the statutes that regulate the value of transactions regardless of the member capital contribution.
 - b. What the General Assembly decides as returns on capital shares, not less than (20%) twenty per cent and not more than (50%) fifty per cent of the remaining net profits, provided that it does not exceed in all cases (20%) twenty per cent of the nominal value of the share.
 - c. The General Assembly decides on bonuses for the BOD, not to exceed (10%) ten per cent of the annual net profits, unless the AOA stipulate a lower percentage.
 - d. If there are any undistributed profits, they will be transferred to the optional reserves account.
2. The Cooperative Association AOA shall determine the minimum and maximum distributions on transactions, capital, and board members' bonuses, provided that they do not conflict with the above.

3. Net profits shall be distributed to members within (3) three months from the date of the General Assembly approval of the dividend distributions and on the dates determined by the BOD.
4. The General Assembly may, upon the proposal of the BOD, decide to postpone the distribution of profits, which shall remain recorded in the account of each member at the disposal of the Cooperative Association for completing its financial accounts.
5. The Cooperative Association may, based on the proposal of the BOD and the approval of the General Assembly, distribute interim profits on a semi-annual or quarterly basis. The General Assembly may also authorise the BOD in advance to distribute profits on a semi-annual or quarterly basis.
6. Distribution may only be made from real profits resulting from the Cooperative Association annual business and licensed activities.
7. The Competent Authority, in coordination with the Ministry, shall determine the controls for disposing of the profits generated by the Cooperative Association from its unlicensed activities.

Article (57)

Profits from Non-Member Transactions

1. Subject to the special provisions for certain types of Cooperative Associations, a Cooperative Association may deal with Non-Members unless its AOA provide otherwise.
2. Transactions with Non-Members are entered in separate records of the Cooperative Association records and financial records.
3. A portion of the profits generated from dealing with Non-Members may be allocated to support the Cooperative Association reserve funds in order to develop its activities.

Article (58)

Property Rights in the Cooperative Association

1. Property rights of the Cooperative Association shall be divided as follows:
 - a. **Cooperative Association property rights:** Funds consisting of gifts, grants, endowments, non-distributable reserves, and allocations for the benefit of the Cooperative Association from any party, including governmental or other parties. In the event of Liquidation or the transformation of the Cooperative Association into a company, the Competent Authority

- shall dispose of it in coordination with the donor agencies for the benefit of the Cooperative Association movement.
- b. **Members' equity:** Rights that consist of members' shares in the Cooperative Association capital, profit balances and distributable reserves.
2. The Cooperative Association shall separate the rights stipulated in Clause (1) of this Article when preparing the annual Financial Statements.

Article (59)

Conditions for Acquiring and Losing the Status of Core Cooperative Association

1. A Cooperative Association shall be considered basic when its AOA allow it to grant special privileges to Senior Members, multiple voting rights and distinct preferential rights, provided that the following conditions are met:
 - a. Its capital shall not be less than (AED 100,000,000) one hundred million dirhams.
 - b. Its annual revenues shall not be less than the value of the capital for a period of (3) three consecutive years.
 - c. To be a Typical Consumer Cooperative Associations in the Retail Sector.
2. The Cooperative Association shall lose its Core Cooperative Association Status if it no longer meets any of the previous conditions.

Article (60)

Conditions for Acquiring and Losing the Status of Senior Member

1. The Core Cooperative Association shall annually determine, at least thirty (30) days before the General Assembly convening, the Senior Members as follows:
 - a. The top (10) ten members, provided that the size of their investments in the Cooperative Association shares is not less than (0.5%) for each member of the total Cooperative Association shares.
 - b. The ten (10) largest members dealing with the Cooperative Association, provided that each member dealings with the Cooperative Association are not less than twice the average of the total members' dealings with the Cooperative Association.
2. The following conditions shall be met for a member to enjoy the status of Senior Member:

- a. The Cooperative Association shall be a Core Cooperative Association.
 - b. The member shall be a major trading member or have investment volume as referred to in Clause (1) of this Article.
3. The BOD shall declare the title and name of the Senior Member of the member who meets the conditions set forth in Clauses (1) and (2) of this Article, and it shall be published on the official website of the Cooperative Association and the Concerned Party shall be informed by e-mail or any written means within (3) three days from the date of the decision.
 4. The data of the major members, their dealings with the Cooperative Association and their investments in its shares shall be entered in a special register for the Cooperative Association.
 5. The BOD shall be responsible for the availability of the requirements for Senior Members and the accuracy of the data.
 6. The BOD shall submit to the General Assembly at the end of each fiscal year a report reviewing the list of Senior Members, the date on which they were granted that status, the volume of each of their transactions with the Cooperative Association, and their investments in its shares.
 7. If the BOD notices that a Senior Member has lost one of the conditions set forth in Clauses (1) and (2) of this Article, the Board shall take a decision to withdraw the status of Senior Member, and this shall result in the member losing the rights arising from the status of Senior Member, and the number of Senior Members shall be completed by the member who follows him in order.
 8. A member concerning whom a decision has been taken by the BOD to withdraw his status as a Senior Member may appeal the decision to the Competent Authority. In the event of rejection, the decision shall be reasoned. The member may appeal the decision before the Competent Court within (30) thirty working days from the date of notice of the rejection decision.

Article (61)

Preferential Benefits of Senior Members

1. Multiple voting rights:

As an exception to the “one vote per member” rule, the Core Cooperative Association AOA may grant multiple voting rights to Senior Members by specifying the number of votes granted to

them, calculated in accordance with their contribution to the capital and their transactions. The following controls shall apply in this regard:

- a. The percentage of votes of the senior voting members combined shall not exceed (35%) thirty-five per cent of the total votes of the voting members of the Cooperative Association, and whenever the percentage increases, the distribution shall be redistributed in accordance with the relative weight of their contribution or dealings unless the Cabinet decides on another percentage.
- b. The percentage of votes of the Senior Member alone shall not exceed (5%) five per cent of the total votes, regardless of his contribution to the capital or his dealings.
- c. In addition to the above mentioned percentages, the single vote enjoyed by the Senior Member in his capacity as a member of the Cooperative Association is added.

2. Other Preferential Benefits:

Senior Members shall enjoy the following Preferential Benefits:

- a. The right to request an invitation to hold Extraordinary General Assembly.
- b. The right to request the inclusion of one or more new items on the agenda of the General Assembly before the convening date and after publishing the invitation, subject to the following conditions:
 1. The application for inclusion shall be submitted by a majority of Senior Members.
 2. The new Clause shall be clear and specific and not conflict with the provisions of the law, this decision, and the decisions issued in implementation thereof.
 3. The application for inclusion shall be in writing and signed by Senior Members or their representatives.
 4. The Cooperative Association shall inform the members of the request to include the new item in the same manner in which the invitation to hold the General Assembly was sent, at least five (5) days before the date set for the convening. The relevant documents shall be attached to the new item or items.
 5. The subject of the new item shall not be one of the matters requiring a special decision or relating to the dismissal of one or more BOD members.
- c. The right to submit recommendations, reports and observations to the BOD for presentation to the General Assembly.

Article (62)

Non-Core Cooperative Associations

1. Each member of the Non-Core Cooperative Associations shall have one vote regardless of the number of shares held.
2. A Non-Core Cooperative Association may amend its AOA and transform into a Core Cooperative Association by virtue of a special decision issued by the General Assembly after the approval of the Competent Authority and fulfilment of the requirements for that.
3. The Competent Authority shall determine the standards for the size of Non-Core Cooperative Association revenues and their capital in a manner that achieves their purpose and the directions of the Competent Authority.
4. Non-Core Cooperative Associations shall comply with the nature of the activity of the Cooperative Association for which they were formed.

Article (63)

Common Provisions for Types of Cooperative Associations

Cooperative Associations shall carry out their activities in all economic sectors in the Cooperative Association sector organised by the relevant authorities.

Article (64)

Cooperative Associations

1. Consumer Cooperative Associations are formed between consumers who unite for the following purposes:
 - a. Sell or supply to its members consumer products or services purchased or produced by the Cooperative Association.
 - b. Distribute a portion of the net profits to its members in accordance with their dealings with it and their contribution to the capital.
2. The Consumer Cooperative Association shall accept membership from persons who deal with it on a regular basis in accordance with what is regulated by its AOA.

Article (65)

Productive Cooperative Associations

1. Productive Cooperative Associations shall be formed among producers in the same field or in complementary fields who unite with the aim of enhancing their production capacities and revenues by providing various means and production services and all requirements related to the value chain such as raw materials, necessary equipment, transportation, storage, marketing, etc.
2. The members' goal in forming a production Cooperative Association should not be to work for it as employees, otherwise a Cooperative Association of employees and professionals should be formed.

Article (66)

Cooperative Associations of Employees and Professionals

1. Workers' Cooperative Associations shall consist of employees or professionals of all categories and professional qualifications who unite with the intention of:
 - a. They practice their professions together in a Cooperative Association that they manage themselves.
 - b. Receive salaries in accordance with the worker performance or the length of time he works in the institution.
 - c. Distribute net profits to members in the form of transaction returns and dividends.
2. Non-Member workers have the same rights concerning wages and the right to returns on transactions as regulated in the Cooperative Association AOA.
3. If the Cooperative Association includes members who do not carry out work for the Cooperative Association, these members cannot be represented on the BOD by more than one-third.

Article (67)

Community Cooperative Associations

1. Community Cooperative Associations shall be made up of persons who benefit from the Cooperative Association activity, employees and producers who unite for producing or supplying goods and services or carrying out projects of public interest and social benefit.

2. Any natural or legal person who contributes in any way to the Cooperative Association activity, in particular:
 - a. Anyone who produces goods or services.
 - b. Any employee of the Cooperative Association.
 - c. Any person who benefits on ongoing basis, free of charge or for a fee, from the activities of the Cooperative Association.
 - d. Any natural or legal person who wishes to voluntarily participate in its activity.
3. Legal persons owned by government entities may contribute to the capital of Community Cooperative Associations, provided that their combined contributions do not exceed (50%) fifty per cent of the capital. The amounts contributed by government entities may not be taken into consideration when calculating the distribution of net profits as returns on capital shares.

Article (68)

Service Cooperative Associations

Service Cooperative Associations shall be formed among persons with common interests who join together to provide the services they need, such as financial, educational, housing, and other services.

Article (69)

Digital Cooperative Associations and Platform Cooperative Associations

Digital Cooperative Associations and Platform Cooperative Associations consist of persons who benefit from the Cooperative Association activity, employees and producers who join together to form Platforms and benefit from digital services.

Article (70)

Model Statutes on Types of Cooperative Associations

When preparing or amending their bylaws, Cooperative Associations shall comply with the detailed provisions relating to the various types of Cooperative Associations contained in the model bylaws issued by the Minister in coordination with the Competent Authority if the nature of the Cooperative Association so requires.

Article (71)

Typical Consumer Cooperative Associations in the Retail Sector

1. Typical Consumer Cooperative Association in the Retail Sector is in any of the following cases:
 - a. It was registered before the law came into effect and operates in the consumer Retail Sector.
 - b. It is established by law, provided that its AOA stipulate that its purpose or one of its purposes is to practice typical consumer activity in the Retail Sector.
2. The Cooperative Association loses its status as a Typical Consumer Cooperative Association in the Retail Sector if it abandons the practice of consumer activity in the Retail Sector, or if it deletes this activity from its AOA.

Article (72)

Special Provisions of the Typical Consumer Cooperative Associations in the Retail Sector

1. **Special provisions concerning membership:**

Non-citizens may not be members of Typical Consumer Cooperative Associations in the Retail Sector, and if the member is a legal person, the citizenship requirement shall be met for all partners, shareholders or owners.
2. **Special financial provisions:**
 - a. The Competent Authority may, where necessary, cancel the minimum number of shares to be held by the member.
 - b. The Competent Authority may, upon a request from the BOD, authorise the General Assembly in its annual convening in a given fiscal year to approve net profit distribution ratios higher than those stipulated in this resolution, taking into consideration the Cooperative Association principles, the Cooperative Association objectives and activities, the market value of the listed share, and the extent of capital contribution to achieving profits.

Article (73)

Control Procedures

1. **Cooperative Associations compliance with sending documents and publishing disclosures:**

- a. The Cooperative Association is committed to sending the minutes of the meetings of the BOD and the General Assembly and their related documents to the Competent Authority and the Ministry within (15) fifteen working days of their convening.
- b. The Audited Financial Statements shall be published on the website within (15) fifteen days from the date of approval of the budget by the General Assembly.
- c. All Cooperative Associations listed on the financial markets shall publish their disclosures to the listed market in accordance with the market disclosure procedures.

2. Supervisory and control functions.

- a. The Ministry and the Competent Authority shall supervise and control Cooperative Associations, and undertake the following tasks:
 1. Confirm the Cooperative Association compliance with the provisions of the law, this decision, the Cooperative Association AOA, and the decisions of the General Assembly.
 2. Confirm that the Cooperative Association adheres to the provisions of the Cabinet Resolution on governance and institutional discipline concerning Cooperative Associations.
 3. Inspect, review and audit all financial and organisational matters of the Cooperative Association and ensuring their integrity.
 4. Review the independent Auditor reports, as well as the Cooperative Association balance sheet data, annual final accounts, and net profit distribution statement, and contact the Cooperative Association if there are any comments to address them.
 5. Confirm the extent of the Cooperative Association compliance with the internal regulations, controls and bylaws governing its work.
 6. Ensure that there is an effective internal control system.
 7. Confirm that there is no conflict of interest or misuse of influence with respect to the BOD members and employees of the Cooperative Association.
 8. Ensure that there are no errors in financing, organisation and management.
 9. Review the Cooperative Association covenant accounts in accordance with the inventory and monitoring the defect in the event of a deficit or surplus.
 10. Monitor the annual inventory of the Cooperative Association funds and assets and confirming that it is conducted in accordance with applicable controls.
 11. Review monthly payroll statements for employees and ensuring their accuracy.

12. The Competent Authority shall prepare annual report that includes the observations and violations that have been monitored and how to address them, if any, and submit it to the Ministry.
 13. Ensure the strength of the Cooperative Association internal financial regulation to avoid risks in dealing with funds.
 14. Review the contracts concluded by the Cooperative Association.
 15. Review of the Social Responsibility allocation and its expenditures.
 16. Confirm that the Cooperative Association maintains the commercial and administrative records that shall be kept.
 17. Ensure the correctness of the procedures for holding general meetings and supervise and monitor them.
 18. Review the Cooperative Associations' register and confirm that members meet membership requirements.
 19. Review and assess the performance of the General Assembly and the extent to which it carries out all its powers.
 20. Review and evaluate the Cooperative Association activities and programs and ensure that they are consistent with its objectives.
- b. The Ministry may coordinate with the Competent Authority, and the Competent Authorities may coordinate with each other, in order to achieve the objectives of the law and this decision concerning control and supervision.

Article (74)

Control Results

1. Dissolve the BOD

- a. If it is proven to the Competent Authority that the BOD is unable to carry out its duties or is unable to achieve the objectives of the Cooperative Association, or if there are financial or administrative violations in the Cooperative Association that harm the Cooperative Association or its members, it may, on its own initiative or based on a report from the Auditor or Control Authorities, The Cooperative Association, or upon the request of a minimum of

(10%) ten per cent of the Cooperative Association members, to dissolve the Cooperative Association BOD, in which case the Competent Authority shall:

1. Either appoint a new BOD, for a period not exceeding (3) three years, renewable once.
 2. Or appointing a temporary BOD to manage business for a period not exceeding (6) six months, during which the General Assembly will be called to elect a new BOD to replace it. The BOD shall call for elections for the BOD at least one month before the expiration date of its term, in accordance with the procedures stipulated in the Articles of association of the Cooperative Association.
- b. All decisions of the Competent Authority to dissolve the BOD and appoint a new or temporary BOD, or to appoint and replace BOD members or renew their membership shall be reasoned. Such decisions shall not result in the appointment of more than one-third of the Board members from outside the Cooperative Association members.

2. Call to overcome the mistakes made and dissolve the Cooperative Association:

- a. If the Competent Authority finds that the Cooperative Association has not respected its legal obligations and the interests of its members, or has failed to achieve its objectives, or has gone beyond the limits of the Cooperative Association objectives, or has been proven to have interfered in religious and political matters, it may call for the General Assembly to convene within (30) thirty days to consider the situation of the Cooperative Association and take decisions that would overcome the errors committed. The Competent Authority may decide not to implement any decision taken by the Cooperative Association that would harm its interests until the General Assembly decides on the matter.
- b. In consideration of Paragraph (a) of this Clause, the Competent Authority may dissolve the Cooperative Association if it becomes clear to it within (6) six months from the date of the General Assembly convening that the Cooperative Association has still not respected its legal obligations or that the procedures decided by the General Assembly were not effective in its proper functioning and performance.
- c. The BOD of the Cooperative Association may appeal to the Head of the Competent Authority against the decision to dissolve the Cooperative Association. If the appeal is not decided upon or rejected, the BOD may appeal to the Competent Court.

3. The role of the Competent Authority in appointing advisor to the BOD:

The Competent Authority shall appoint experienced and specialised advisor and determine his fees. He shall provide guidance to the BOD on the best methods of management and supervision of its work and submit periodic reports to the Competent Authority before it takes the decision to dissolve the BOD.

Article (75)

Appointing Auditors and Setting Their Remuneration

1. The Auditor shall be appointed for a renewable period of one fiscal year , and the General Assembly may not delegate to the BOD the power to appoint the Auditor.
2. The Auditor or the Audit Office may not practice the auditing process in the Cooperative Association for a period exceeding (5) five consecutive fiscal years. The same Auditor or Audit Office may be reappointed to audit the Cooperative Association accounts after at least two fiscal years have passed from the date of expiry of his appointment term.
3. The General Assembly shall determine the Auditor fees, and the BOD may not be delegated in this regard, provided that these fees are included in the Cooperative Association accounts.

Article (76)

Conditions for Auditor Appointment

The Auditor shall meet the following requirements in particular:

1. To be licensed to practice the profession in the State and to have experience in the field of auditing of no less than (5) five years.
2. He shall not combine the profession of Auditor with the position of member or strategic partner in the Cooperative Association, and shall not hold the position of member of the Cooperative Association BOD, or any technical, administrative or executive position in it, or provide consultations to the Cooperative Association of any kind.
3. Not to be a partner or agent of any of the founders of the Cooperative Association if the Cooperative Association is under establishment or any of the members of its BOD or a relative of any of them up to the second degree.

4. To be approved by the Central Bank of the UAE if the Cooperative Association is licensed by the Central Bank.
5. To maintain neutrality and independence and to inform the BOD of any conflict of interest upon becoming aware of it.

Article (77)

Auditor Duties

1. The Auditor shall audit the Cooperative Association business, operations and accounts, examine the budget and profit and loss account, review the Cooperative Association transactions with related parties in accordance with international accounting standards, and observe the proper application of the provisions of the law, this decision, the decisions issued in implementation thereof, and the Cooperative Association AOA. The Auditor shall submit a report on the results of this examination to the BOD, which shall include it in the agenda of the General Assembly and send a copy thereof to the Ministry and the Competent Authority.
2. The Auditor shall review all records, papers and other documents of the Cooperative Association, and may request clarifications that the Auditor deems necessary to carry out his duties. The Auditor may also confirm the assets, rights and obligations of the Cooperative Association.
3. If the Auditor is not provided with facilities to carry out his duties, the Auditor shall prove this in a report it submits to the BOD. If the BOD fails to facilitate the Auditor task, the BOD shall send the report to the Ministry and the Competent Authority.

Article (78)

Auditor Responsibilities and Powers

1. The Auditor may request any information or data necessary to perform his duties.
2. The Auditor may meet with whomever he deems appropriate to obtain the information it needs to perform his duties.
3. The Auditor shall be responsible to the Cooperative Association for the audit work and for the accuracy of the Cooperative Association Financial Statements and shall be responsible for

compensating for any damage caused to it due to any errors he makes in carrying out his work or acts of fraud. If there are multiple Auditors, each of them shall be responsible for his error or fraud that resulted in the damage.

4. The Auditor responsibility shall focus on assurances from the Cooperative Association BOD as to whether the Financial Statements are free of material errors. The Auditor shall issue a professional report that includes his opinion, in which he is committed to the following:
 - a. Identify and assess the risks of material misstatement in the Financial Statements, whether due to fraud or error, and that it has performed audit procedures that are consistent with those risks, and obtained data and documents that prove that.
 - b. Develop an understanding of the Cooperative Association internal controls related to audit work in order to perform audit procedures appropriate to the circumstances.
 - c. Assess the appropriateness of the accounting policies used by the Cooperative Association and the reasonableness of accounting estimates and related management disclosures.
 - d. A statement of the appropriateness of the Cooperative Association use of the going concern accounting principle, based on the applicable auditing standards and the necessary documents, to determine whether there is anything that could affect the Cooperative Association ability to continue as a working entity. If there is a material uncertainty, he should draw attention in his report to the relevant disclosures in the Financial Statements.
 - e. Obtain sufficient and appropriate information and documents concerning the financial information of the entities or business activities within the group to express a professional opinion on the consolidated Financial Statements.
 - f. A statement of whether any violations of the International Accounting Standards or the International Financial Reporting Standards or the provisions of the Law, this decision and the decisions issued in implementation thereof or the Cooperative Association AOA have occurred during the fiscal year, whether the violations still exist, and whether any fines have been imposed on the Cooperative Association due to those violations.

Article (79)

Audit Report

1. The accounts for the fiscal year are audited by the Auditor who prepares a report on them, and they are approved by the BOD and submitted to the General Assembly, together with the Auditor Report, within (4) four months from the end of each fiscal year for the Cooperative Association.
2. If the Cooperative Association has more than one Auditor, the Cooperative Association shall distribute the tasks among themselves and each of them shall submit a separate report that addresses the topics of the task assigned to him, then they shall submit a joint report for which they are jointly responsible. The Auditor shall write his name in the report and sign it.
3. The report shall state whether the accounts have been prepared in accordance with the provisions of the Law and this Resolution and whether the accounts give a fair picture of the financial position of the Cooperative Association.
4. The Auditor report includes all data and information in accordance with accounting standards and the requirements of the legislation regulating this matter.

Article (80)

Auditor Obligations

1. Maintaining the confidentiality of Cooperative Association data:
The Auditor shall maintain the confidentiality of the Cooperative Association data that he has accessed due to his performance of his job duties at the Cooperative Association, and he may not disclose it to others, otherwise he shall be dismissed, except in cases stipulated by law pursuant to legislation or Judicial Authorities.
2. Prohibition of the Auditor from dealing with the Cooperative Association securities:
The Auditor and his employees may not purchase or sell shares, bonds and certificates of the Cooperative Association whose accounts the Auditor is auditing, directly or indirectly, or providing any advice to any person concerning them. In the event of a violation of this order, the Auditor shall be dismissed and legal action will be taken against him.
3. Notice of violations and crimes:

The Auditor shall inform the Ministry and the Competent Authority of any violations of the provisions of the law or this decision or any violations that constitute a criminal offence that are discovered during the performance of his duties, within (10) ten working days from the date of his discovery of the violation.

4. The Auditor shall submit a report on the results of his work and his observations to the General Assembly on annual basis in accordance with the followed professional principles and in accordance with the controls and conditions stipulated in the legislation regulating the work of Auditors. The Auditor may also submit it to the Competent Authority whenever necessary.

Article (81)

Auditor Dismissal

1. The Cooperative Association may, by a decision taken by the General Assembly, dismiss the Auditor.
2. The Chairman of the BOD shall inform the Ministry and the Competent Authority of the decision to dismiss the Auditor and the reasons for the dismissal within a period not exceeding (7) seven working days from the date of issuance of the dismissal decision.

Article (82)

Auditor Resignation

1. The Auditor may resign from his mission by a written notice submitted to the Cooperative Association. The notice shall be considered a termination of his mission as Auditor of the Cooperative Association from the date of submission of the notice or on a later date as specified in the notice.
2. Auditor resignation shall not be taken into account before the appointment of a new Auditor.
3. The Auditor who resigns for any reason shall submit to the Cooperative Association, the ministry and the Competent Authority a report explaining the reasons for his resignation. The Cooperative Association BOD shall call the General Assembly to convene within (10)

ten days from the date of submitting the resignation to consider the reasons for the resignation, appoint another alternative Auditor and determine his fees.

Article (83)

Requirements of the Cooperative Association into a Commercial Company

1. A Cooperative Association may transform into a company in the manner specified in the Companies Law if the following requirements are met:
 - a. Issue a decision by the General Assembly to assign the BOD to conduct a feasibility study and an analytical study on the feasibility of the transformation.
 - b. Prepare a feasibility study by a specialised professional body that shows the justifications and advantages of the transformation.
 - c. Prepare analytical study by a specialised body on rights and duties and the mechanism for dealing with them.
 - d. Submit studies to both the Ministry and the Competent Authority, and either the Ministry or the Competent Authority may request additional information or request amendment or completion of any information, statistics or evidence it deems necessary.
2. If the requirements set forth in Clause (1) of this Article are met and the conditions for transformation set forth in Article (84) of this Resolution are met, the BOD shall, after the approval of the Ministry and the Competent Authority, call for a convening of the General Assembly to take a special decision to change the legal form of the Cooperative Association within (3) three months of issuing the invitation. If the General Assembly does not agree, the Competent Authority may decide to dissolve the Cooperative Association or continue its work in its original form as a Cooperative Association, or take whatever it deems appropriate in accordance with the requirements of the public interest.

Article (84)

Transformation Conditions and Procedures

The conditions and procedures for transforming a Cooperative Association into a commercial company are as follows:

1. Confirm and fulfil the transformation requirements specified in Clause (1) of Article (83) of this Resolution.
2. May not change the form of the Cooperative Association to a commercial company unless a period of no less than (5) five audited financial years has passed from the date of registration of the Cooperative Association with the Competent Authority.
3. Issue a special resolution by the General Assembly.
4. Obtain the approval of the Ministry and the Competent Authority concerning the transformation of the Cooperative Association into a commercial company based on a request submitted in accordance with a form prepared by the Competent Authority in coordination with the Ministry, attaching the following documents:
 - a. A detailed statement explaining the reasons, objectives and form of the company to which it is desired to transform, prepared by the BOD and approved by the General Assembly. The Statement shall contain a detailed explanation.
 - b. The amended AOA and bylaws of the Cooperative Association.
 - c. The decision of the General Assembly of the Cooperative Association concerned to amend its AOA and bylaws and to transform the Cooperative Association into a commercial company.
 - d. Approved and Audited Financial Statement for the Cooperative Association not exceeding (3) three months prior to the date of the Cooperative Association request to transform.
 - e. A declaration from the BOD confirming that there has been no material change in the financial position of the Cooperative Association during the period of time between the date of the relevant financial position statement and the date of the conversion request.
5. The Cooperative Association shall announce the decision to transform in two local daily newspapers published in the State, one of which shall be in Arabic, within (5) five days from the date of issuance of the transformation decision, and shall inform the members, strategic partners, Creditors of the Cooperative Association, and holders of loan bonds or sukuk by registered letters.
6. The declaration and notice referred to in Clause (5) of this Article shall include the right of any of the Cooperative Association Creditors, holders of loan bonds or certificates, members, strategic partners, and any interested party to object to the transformation at the Cooperative Association headquarters.

7. Submit a detailed report from the Auditor on the rights and obligations before the Cooperative Association is transformed into a commercial company.

Article (85)

Objection to the Transforming Decision

1. Members, strategic partners, Cooperative Association Creditors, holders of loan bonds or sukuk, and any interested party may object to the Cooperative Association within (30) thirty days from the date of notice of the conversion decision, and deliver to the Ministry and the Competent Authority an electronic copy of the objection, provided that the objector states the subject of his objection, the reasons on which he relies, and the damages that he claims the conversion has caused him specifically.
2. If the Cooperative Association is unable, for any reason, to settle the objections within (30) thirty days from the date of submitting an electronic copy of the objection to the Ministry or the Competent Authority, the objector may resort to the Competent Court to appeal the objection.
3. The decision to transform shall remain suspended unless the objector waives his objection, the Court rules to reject the objection by a final judgment, the Cooperative Association pays the debt if it is due, or provides sufficient guarantees to pay the debt if it is deferred.

Article (86)

Effects of Transforming

1. The Competent Authority, after the Cooperative Association is transformed into a commercial company, and in the presence of reserve funds that cannot be distributed or merged into the capital, shall coordinate with the Ministry to regulate the disposal of reserve funds that cannot be distributed or merged in a manner that achieves the objectives of the law and the rights of the members and takes into account the Cooperative Association movement.
2. In the event of transforming , each member shall have a number of shares or stocks in the company to which it has been transformed equal to the value of his contribution to the Cooperative Association capital before its transforming.

3. The Cooperative Association may convert any of its obligations into shares or stakes in the commercial company with the approval of the Competent Authority and the Creditors.

Article (87)

Merge Ways

Merger takes one of two ways:

1. Merger of one or more Cooperative Associations into another Cooperative Association.
2. Merging two or more Cooperative Associations and forming a new Cooperative Association. In this case, all conditions and procedures for establishing Cooperative Associations stipulated in the law, this decision, and all decisions issued in implementation thereof shall be adhered to.

Article (88)

Merger Terms

1. In consideration of Clause (2) of Article (27) of the Law, a Cooperative Association may merge with another Cooperative Association pursuant to a special decision issued by the General Assembly after the approval of the Competent Authority, even if the Cooperative Association is in the process of Liquidation.
2. If Merger is between Cooperative Associations in different Emirates, this requires the approval of the Competent Authority in each Emirate.
3. The Merger shall be by the merging Cooperative Associations concluding a Merger Contract among themselves.

Article (89)

Merger Contract

The Merger Contract determines the organisation of the terms and method of the Merger, and contains in particular the following:

1. Reasons, objectives and conditions of the intended Merger.
2. The AOA and bylaws of the merging Cooperative Association or the new Cooperative Association after the Merger.

3. The name and address of each member of the BOD or proposed manager of the merging Cooperative Association or the new Cooperative Association.
4. How to convert shares of merged Cooperative Associations into shares in the merging Cooperative Association or the new Cooperative Association.
5. Maintain non-distributable reserve funds within the reserves of the merging Cooperative Association or the new Cooperative Association after the Merger.
6. Organise rights and obligations and distributing shares in their new form upon the Merger.

Article (90)

Merger Procedures

The BOD of each merging and merged Cooperative Association shall call the General Assembly to convene to consider and vote on the draft Merger Contract. The following conditions shall be met when calling the General Assembly:

1. To be accompanied by the Merger Contract or a summary thereof.
2. The Merger Contract shall clearly state the right of members who together represent no less than (20%) twenty per cent of the votes.
3. The member who opposed the Merger may appeal the Merger before the Competent Court within (30) thirty working days from the date of the General Assembly approval of the Merger Contract.

Article (91)

Redemption of Shares by Objecting Members

Members who object to the Merger Decision may request to withdraw from the Cooperative Association and recover the value of their shares by submitting a written request to the Chairman of the BOD within (15) fifteen days from the date of issuance of the Merger Decision. In the event of rejection, they have the right to appeal before the Competent Court within (30) thirty working days from the date of making the decision or notice of it, if they do not attend the General Assembly.

Article (92)

Notice to Creditors

Every merging or merged Cooperative Association shall send a notice to its Creditors, strategic partners, and holders of loan bonds and sukuk within (10) ten days from the date of the General Assembly approval of the Merger. This notice shall include the following:

1. The Cooperative Association intention is to merge with one or more specific Cooperative Associations.
2. To send a letter to each Creditor of the Cooperative Association, its strategic partners, and holders of loan bonds and sukuk to inform them of the Merger.
3. Two daily local newspapers, and the two are issued in the State, one of them shall be in Arabic.
4. To stipulate the right of any of the Creditors of the Cooperative Association or the merging and merged Cooperative Associations, the strategic partners, the holders of loan bonds or sukuk, and any interested party to object to the Merger at the Cooperative Association headquarters and to deliver an electronic copy of the objection to the Ministry and the Competent Authority, provided that this is done within (30) thirty working days from the date of notice.
5. Creditors and strategic partners shall be informed in the event of a Merger and the notice shall be documented in writing with acknowledgement of receipt, email or similar.

Article (93)

Objection to Merger

1. The Creditor, strategic partner, or holder of loan bonds and sukuk who has informed the Cooperative Association of his objection and whose claim has not been met or settled by the Cooperative Association within (30) thirty days from the date of notice may apply to the Competent Court to obtain an order to stop the Merger.
2. If the Court finds, when an application is submitted to it to stop the Merger, that the Merger will lead to unjustified damage to the interests of the applicant, it may issue an order to suspend the Merger, subject to any other conditions it deems appropriate.

3. The decision to merge shall remain suspended unless the objector waives his objection, the Court rules to reject the objection by a final judgment, the Cooperative Association pays the debt if it is due, or the Cooperative Association provides sufficient guarantees to pay the debt if it is deferred.
4. If there is no objection to the Merger of the Cooperative Association within the specified period, this shall be considered as implicit approval of the Merger Decision.

Article (94)

Effects of Merger

The Merger leads to the dissolution of the merged Cooperative Association or Cooperative Associations, the expiration of their legal personality, and the replacement of the merging Cooperative Association or the new Cooperative Association with them in all rights and obligations. The Cooperative Association resulting from the Merger shall be the legal successor to the merged one in rights and obligations.

Article (95)

General Provisions for Joint Cooperative Associations and Cooperative Association Unions

1. The provisions of this decision shall apply to Joint Cooperative Associations and Cooperative Association Unions to the extent that they do not conflict with the provisions of this decision. The provisions of the law and the decisions issued by the Minister shall also apply to them.
2. The Ministry is responsible for announcing Joint Cooperative Associations and Cooperative Association Unions, in coordination with the Competent Authority within whose scope of work the Cooperative Associations wishing to establish the Joint Cooperative Association or Cooperative Association Union fall.
3. As an exception to the previous Clause, the Competent Authority is responsible for announcing Joint Cooperative Associations if the member Cooperative Associations are registered and announced in the same Emirate.
4. A minimum of (50%) fifty per cent of the members shall be present for the General Assembly convening to be legal.

5. The two model bylaws for Joint Cooperative Associations and Cooperative Association Unions shall be issued by a decision of the Minister, which shall specify in particular the method of forming the BOD, the number of its members, the method of their election or appointment, and all matters related to their affairs, as well as the method of forming the General Assembly, the rules related to its meetings, and the method of voting therein. When preparing or amending their bylaws, Joint Cooperative Associations and Cooperative Association Unions shall consider the detailed provisions contained in the model bylaws.

Article (96)

Joint Cooperative Associations

1. Incorporation

- a. Two or more Cooperative Associations, even if they are from different Emirates, may form a Joint Cooperative Association with the aim of facilitating and developing the economic activity of the Cooperative Associations that join it.
- b. The Incorporation and declaration of Joint Cooperative Associations shall be subject to the approval of the Competent Authority for each Cooperative Association wishing to incorporate the Joint Cooperative Association.
- c. Two or more Joint Cooperative Associations may form a Joint Cooperative Association with the same procedures and conditions stipulated in this Article.
- d. The Joint Cooperative Association shall acquire legal personality upon its declaration.

2. Purpose:

- a. The Joint Cooperative Association undertakes all activities required to improve the economic capacity of its Cooperative Association members, including producing, importing or supplying what its members' activities require, promoting, transforming, storing and exporting their products.
- b. The activity of the Joint Cooperative Association shall be related to and complementary to the economic activity of its members. The Joint Cooperative Association may not practice the same activities as its members.

- c. Joint Cooperative Associations may provide their services to Non-Members within the limits of (10%) ten per cent of the number of their annual transactions, provided that this does not prejudice the interests of their members.

3. Representation and distribution of votes:

- a. Each Cooperative Association joining the Joint Cooperative Association shall appoint a representative to the General Assembly of the Joint Cooperative Association.
- b. Each Cooperative Association shall have one vote, regardless of its contribution to the capital of the Joint Cooperative Association. However, the AOA may grant the affiliated Cooperative Associations a number of votes, the determination of which shall consider either the number of its members or the volume of operations it carries out with the Joint Cooperative Association, or both.

Article (97)

Cooperative Association Unions

1. Incorporation

- a. Cooperative Associations of the same type may establish a Cooperative Association Union among themselves if their number is equal to or greater than five Cooperative Associations, and it is not required that the Cooperative Associations joining the unions be located in the same Emirate.
- b. The Minister may reduce the number specified in Clause (1) of this Article.
- c. It is not permissible to form more than one Cooperative Association Union for the same type of Cooperative Association.
- d. The Cooperative Association Unions shall acquire legal personality upon its declaration.
- e. Cooperative Association Unions are incorporated without capital, and they may not aim to make a profit or engage in commercial or service activities of a profit-making nature.
- f. The resources of Cooperative Association Unions consist of the amounts of their members' subscriptions and the donations and assistance they receive from the State or from local authorities in accordance with the legislation in force in the State.

- g. Each Cooperative Association in the Cooperative Association Union shall have one vote, but the AOA may grant each Cooperative Association joining the union a number of votes proportional to the number of its members.

2. Duties:

- a. Facilitate and ease the work of member Cooperative Associations and coordinating their efforts to achieve their objectives, assisting in establishing, developing and modernizing Cooperative Associations in accordance with the State general policy in this field, and defending the rights of these Cooperative Associations and representing them before the Competent Authority and the central authority.
- b. Prepare technical and administrative training programmes for Cooperative Association employees and members, especially their boards of directors, to carry out their role in serving the community in accordance with its needs and the available capabilities of the Cooperative Associations, and assess their services on this basis.
- c. Prepare annual statistical reports on member Cooperative Associations.
- d. Conduct Cooperative Association studies, issuing recommendations supporting the development of Cooperative Associations, and submitting proposals to the Ministry and the Competent Authority to take the necessary measures and procedures, whether material, practical, or legal.

Article (98)

Cases for Cooperative Association be Dissolved

The Cooperative Association shall be dissolved in the following cases:

- 1. In accordance with the provisions specified in the AOA.
 - a. The specified period has expired unless it is renewed in accordance with the Cooperative Association AOA.
 - b. The purpose for which the Cooperative Association was incorporated has ended.
- 2. Issue a judicial ruling to dissolve the Cooperative Association by the Competent Court.
- 3. The Competent Authority may dissolve the Cooperative Association by a reasoned decision in the following two cases:

- a. If the Competent Authority finds that the Cooperative Association has not respected its legal obligations and the interests of its members, or has failed to achieve its objectives, or has gone beyond the limits of the Cooperative Association objectives, or has interfered in religious and political matters.
 - b. If the Competent Authority finds that the Cooperative Association has ceased to carry out its activity or the size of its accumulated losses exceeds half of the members' ownership rights in the Cooperative Association in accordance with the latest financial report or continues to incur losses that lead to its insolvency and prevent the continuation of its activity and investments or the Cooperative Association situation has not been settled.
4. Merge the Cooperative Association into another Cooperative Association or into a new Cooperative Association, in which case the dissolution shall be without Liquidation.
 5. The will of the majority of the Cooperative Association members by a special decision.
 6. The number of members has fallen below the minimum stipulated in the bylaws, law and decisions issued in this regard without correcting their situation.

Article (99)

Procedures for Cooperative Association be Dissolved

1. If the dissolution is based on a special decision of the General Assembly, the dissolution decision shall include the method of liquidating the Cooperative Association and the name of the Liquidator.
2. The Chairman of the BOD or the Liquidator, as the case may be, shall register the dissolution of the Cooperative Association in the Commercial Register with the Competent Authority and publish it in two local daily newspapers, one of which is published in Arabic. The dissolution of the Cooperative Association shall not be invoked against third parties except from the date of its registration.

Article (100)

Applicable Provisions to Liquidation

Cooperative Associations shall be liquidated under the supervision of the Competent Authority, the provisions stipulated in the law, this decision, and the legislation in force in the State concerning

Liquidation shall be followed, unless the Cooperative Association AOA or bylaws stipulate the method of Liquidation.

Article (101)

Liquidator Appointment and Dismissal

1. The General Assembly, the Competent Court or the Competent Authority shall appoint one or more Liquidators, provided that the Liquidator shall not be an Auditor of the Cooperative Association accounts during any period.
2. The Liquidator fees shall be determined in the appointment decision in accordance with the provisions regulating this in the relevant legislation.
3. If the Liquidation is pursuant to a judicial ruling, the Competent Court shall specify the method of Liquidation and appoint a Liquidator.
4. If there are multiple Liquidators, their actions shall not be valid unless they are approved unanimously, unless otherwise stated in their appointment document. This condition shall not be invoked against third parties except from the date of its registration with the Competent Authority.
5. The Liquidator shall register his appointment decision and the decision issued concerning the method of Liquidation issued by the General Assembly or the ruling issued in this regard in the Commercial Register. The appointment of the Liquidator or the method of Liquidation may not be invoked against third parties except from the date of registration in the Commercial Register. The Liquidator shall have a fee specified in his appointment document, otherwise it shall be specified by the Competent Court.
6. The Liquidator shall be dismissed in the manner in which he was appointed, and any decision or ruling dismissing the Liquidator shall include the appointment of a replacement. The Liquidator dismissal shall be recorded in the Commercial Register and shall not be invoked against third parties except from the date of recording.

Article (102)

Inventory and Preservation of Cooperative Association Funds

1. Immediately after his appointment, the Liquidator shall make inventory of the Cooperative Association funds and obligations. The Chairman of the Cooperative Association BOD, its Executive Director, or its General Manager shall hand over to the Liquidator the Cooperative Association's funds, accounts, books, and documents.
2. The Liquidator shall prepare a detailed list of the Cooperative Association assets, obligations and budget, which shall be signed by the executive director, general manager or chairman of its BOD. The Liquidator shall keep a book to record the Liquidation work.
3. The Liquidator shall do everything necessary to preserve the Cooperative Association funds and rights, collect what it owes to others, and deposit the amounts he receives in a bank for the account of the Cooperative Association under Liquidation immediately upon receipt.
4. The Liquidator may not claim from the members the unpaid amounts of their shares unless the Liquidation work requires it and on condition of equality among them.

Article (103)

The Liquidator of the Cooperative Association Representation

1. The Liquidator shall carry out all the work required for Liquidation, in particular representing the Cooperative Association before the Courts, paying the Cooperative Association debts, and selling its movable or immovable property by public auction or in any other manner, unless the Liquidator appointment document stipulates that the sale shall be carried out in a specific manner.
2. The Liquidator may not sell the Cooperative Association assets in bulk except with the permission of the Cooperative Association General Assembly and after the approval of the Competent Authority.

Article (104)

Notice of Liquidation to Creditors

All debts owed by the Cooperative Association shall lapse upon its dissolution, and the Liquidator shall inform all Creditors by registered mail with acknowledgement of receipt of the opening of the

Liquidation, inviting them to submit their requests, provided that the notice is published in two daily local newspapers, one of which is published in the Arabic language. In all cases, the notice of the Liquidation shall include a period for Creditors of not less than (30) thirty working days from the date of the notice to submit their requests.

Article (105)

Paying off Cooperative Association Debts

1. If the Cooperative Association funds are not sufficient to pay all the debts, the Liquidator shall pay a percentage of these debts, without prejudice to the rights of preferred Creditors. Any debt arising from the Liquidation process shall be paid from the Cooperative Association funds with priority over other debts.
2. The priority rights of financing stocks and financial instruments owned by the partner shall be among the privileged rights upon liquidation, with their privileges in applying for the fulfilment of other obligations and other debts.
3. If some Creditors do not submit their requests, their debts shall be deposited in the treasury of the Competent Court. Sufficient amounts shall also be deposited to cover the share of the disputed debts, unless the owners of these debts obtain sufficient guarantees or it is decided to postpone the division of the Cooperative Association funds until the dispute over the aforementioned debts is resolved.

Article (106)

Interim Periodic Reports and Final Accounts of Liquidation

1. The Liquidator shall submit to all members and the General Assembly every (3) three months a temporary periodic report on the Liquidation work, and he shall provide the members with any information or data requested about the status of the Liquidation. The Liquidator is obligated, within one week of the General Assembly approval, to inform the members of the obligation to receive their dues within a period not exceeding (21) twenty-one days by means of declaration published in two local daily newspapers, one of which is published in the Arabic language.

2. Upon completion of the Liquidation, the Liquidator shall submit a comprehensive report, accompanied by final accounts, to the General Assembly or the Competent Court concerning the Liquidation work. This work ends with the approval of the report.
3. The Liquidator shall record the end of the Liquidation in the Commercial Register with the Competent Authority, and the end of the Liquidation may not be claimed against third parties except from the date of registration, after which the Cooperative Association is deleted from the Commercial Register with the Competent Authority.

Article (107)

Liquidation Term

1. The Liquidator shall complete their task within the term specified in his appointment document. If no period is specified, any member of the General Assembly may refer the matter to the Competent Court to determine the Liquidation period.
2. This term may not be extended except by a decision of the General Assembly, the Competent Authority or the Competent Court, as the case may be, after reviewing a report from the Liquidator stating the reasons that prevented the completion of the Liquidation on time. If the Liquidation term is specified by the Competent Court, it may not be extended except with its permission.

Article (108)

Liquidation Funds and Their Regulation

1. In the event of the dissolution of the Cooperative Association, and after settling the rights of Creditors and the property rights belonging to the Cooperative Association and subject to the disposal of the Competent Authority, the members are only entitled to recover their contributions at the nominal value of their shares in the capital and their share of the profits and of the distributable reserves.
2. The Competent Authority, in coordination with the donors and the Relevant Competent Authority, may transfer any additional funds remaining from the Liquidation to the Cooperative Association movement, including transferring them to public benefit projects or to another

Cooperative Association operating in the same field or in other fields in the event that there is no Cooperative Association in the same field.

Article (109)

Financial Liability of Members for Liquidation Losses

1. If the Liquidation reveals losses, these losses shall be divided among the members in accordance with the proportion of each of their contributions to the capital.
2. The ceiling of liability for each member in accordance with Clause (1) of this Article is determined by the amount of shares in the capital subscribed by him in addition to the amounts due for shares that he did not pay.

Article (110)

Executive Resolutions

The Minister shall issue the Resolutions necessary to apply the provisions of this Resolution.

Article (111)

Resolution Publication and Entry into Force

This Resolution shall be published in the Official Gazette and shall enter into force as of the day following the date of its publication.

Mohammed bin Rashid Al Maktoum

Prime Minister

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