

BY LAWS

OF

NSSF

CO-OPERATIVE SAVINGS AND CREDIT

SOCIETY LIMITED

CS/ NO 6070

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1 NAME AND AREA OF OPERATION

The society shall be called **NSSF CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED**, herein after referred to in these by laws as "The Sacco society" and its area of operation shall in the **Republic of Kenya**

2 REGISTERED OFFICE/ POSTAL ADDRESS

The registered office of the Sacco society shall be at **Social Security House Building Block 'C' Ground floor on BISHOPS ROAD, Nairobi** and the postal address shall be **P.O. Box 43338-00100, Nairobi**

Notice of any change of postal address shall be given to the Commissioner for Co-operative Development, herein after referred to as "The Commissioner", the Sacco Societies Regulatory Authority, (SASRA), herein after referred to as "the Authority" and to all members of the Sacco society through their last known address as per records held at the Sacco society within 30 days of such change.

3 OPENING AND RELOCATION OF SACCO SOCIETY'S BRANCH

The Sacco Society shall seek a written approval from the Authority to open a new branch, relocate or close a place of business.

4 INTERPRETATIONS AND DEFINITIONS

a) In these By-Laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the Sacco Societies Act, 2008 and Regulations 2010 herein after referred to as the "Act" and "Regulations" respectively, the Co-operative Societies Act Cap 490 Laws of Kenya and the

Rules made there under herein after referred to as the "Co-operative Act" and "Rules" respectively.

b) In these By-Laws where the masculine gender is referred to, it will be construed to include the feminine gender.

c) In these By-Laws save as otherwise expressly stated:

"Annual General Meeting" means an Annual General Meeting of the Society specified as such in the notice calling it and which must be held every calendar year;

"Apex Society" means a Society formed at the national level by the Co-operative movement in Kenya and registered under the Act to promote Co-operative development and represent the interests of co-operative societies locally and internationally;

"Audit and Risk Management Committee"- Committee of the Board established as per the Regulation;

"Authority" shall mean the Sacco Societies Regulatory Authority;

"A nominee" means a person appointed by the member to inherit the shares, deposits and other interests in the society upon the death of that member;

"Applicable Law" shall mean any other relevant law other than the Sacco Societies Act 2008 and the SASRA Regulations, Co-operative Societies Act cap 490, Rules and these By-Laws;

"Board of Directors" or **"Board"** means the governing body of the society to whom the management of its affairs is entrusted;

"Bonus" means payment given, paid or received above what is due or expected or an extra dividend allotted to shareholders out of the surplus especially a percentage of the net surplus distributed to shareholders. In relation to a member of a co-operative society means that member's share of the surplus of the society which is divided amongst its members, calculated by reference to the proportion which that member's volumes with the society bears to the total volume of the business done

by the society;

“Branch” means a retail and physical location, other than the headquarters from where the Society offers a wide variety of face to face and automated financial services to members;

“Capital” means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations;

“CAK” means Co-operative Alliance of Kenya Limited;

“CIC” means Co-operative Insurance Company Limited;

“Commissioner” shall mean the Commissioner for Co-operative Development as provided for in the Co-operative Act;

“Common Bond” shall mean National Social Security Fund and any approved unifying factors that bring the members together. In this context it shall include individuals or organizations approved by the General Meeting;

“Co-operative Act” means the Co-operative Societies chapter 490 laws of Kenya and subsequent amendments;

“Core Capital” shall mean fully paid up members shares, capital issued, disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the Sacco society;

“Date of Dissolution” means the date on which the Commissioner’s order canceling the registration of the society takes effect;

“Delegate”- means an elected representative of an electoral zone

“Delegates meeting” – In this context, there shall be shall be a meeting (either “annual” or “special”) for attended by delegates of **NSSF Sacco** convened by the Sacco society to conduct its business;

“Deposits” means a sum of money paid on terms under which it shall be repaid, with or without interests or premiums, and either on demand or at a time or in circumstance agreed by or on behalf of the person making the Society to receive it

at a risk of the Society receiving it”;

“**Dividend**” shall mean members share of the surplus of the Sacco society which is divided amongst its members based on shareholding;

“**Electoral zone**” means a cluster of members in a certain location eligible for representation in accordance with these By-Laws;

“**Employer controlled income**” This group is for institutions/companies other than NSSF in which its employees join the sacco and their share capital is Kshs 10,000.00 in Group B;

“**Financial investments**” shall mean investments in government securities, shares and stocks, deposits in institutions licensed under the banking Act, and licensed SACCO societies;

“**FOSA**” is an acronym for Front Office Savings Activity licensed under the Sacco Societies Act, 2008 (Deposit-Taking SACCO Business) that offers withdrawable/demand deposit services including other counter services otherwise referred to as “banking” services;

“**General Meeting**” shall be a meeting (either “annual” or “special”) attended by delegates of NSSF Sacco duly convened by the Sacco society to conduct its business;

“**Interest on deposits**” – this the charge in form of an annual percentage rate paid on the monthly deposit

“**Institutional Capital**” means disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the SACCO society;

“**Liquid funds**” means cash and deposits with a maturity of not more than 30 days;

“**Member**” includes a person or a co-operative society joining in the application for the registration of a Sacco society, and a person or co-operative society admitted to membership after registration in accordance with the By-Laws;

“**Members of the immediate family**” when used in these By-Laws, includes, but is

not limited to a spouse or other family member living in the same household or under the direct influence of the officer, member or employee;

“Member in good standing” means a member who is current on the repayment of his/her loan due to the society and who is current on making his/her required contributions and has not in anyway acted in a manner which is potentially damaging to the Society and has fully complied with the policies and rules set by the Society;

“Minors” shall mean persons who are not up to 18 years of age but who benefit from some of the products and services of the Society;

“Net Surplus” means the amount of income in excess of expenses of the Society. It is the amount computed before any allocation is made for members’ dividends on shares/or interest to be paid on deposits;

“NACOS” means National Co-operative Organizations;

“Nominee” means a person appointed by the member to inherit the shares, deposits and other interests upon the death of that member;

‘Non withdrawable deposits’ – refers to the funds that make up the equity of a sacco. These funds are transferable to the existing members for an agreed amount of money but they cannot be withdrawn.

“Officers” means a director or any other person by whatever name or title he may be called or described, who carries out or is empowered to carry out functions relating to the overall direction of a deposit taking SACCO society or takes part in the general management thereof;

“Personal Representative” means any person who, under law or customs, is responsible for administering the estate of a deceased person.

“Rules” mean the Rules made by the Minister in charge of State Department of Co-operatives, include the Co-operative Societies Act 490 Section 5 Rules, 2004 and subsequent amendments; Cap 490 2005 edition

“Regulations” means the Regulations made by the Minister in charge of State department of Co-operatives and includes the SACCO Regulations, 2010 and subsequent amendments;

“Returning officer” In this context refers to the State Department of Co-operatives who shall preside over or conduct the elections of a co-operative society.

“SACCO Society” means a savings and credit co-operative society registered under the Co-operative Act;

SACCO” means Savings and Credit Co-operative Society;

“SACCO Act ”means the SACCO Societies Act, 2008 and subsequent amendments;

“Savings” means deposits payable on demand;

“Share” means the amount represented by a member’s portion in the equity of a Society as a co-owner”;

“Share Capital” shall mean members” equity in the form of issued and fully paid up shares of common stock which shall be non withdrawable;

“Society” means “NSSFSACCO Co-operative Savings and Credit Society Limited”;

Special General Meeting means a general meeting, other than an ordinary general meeting, of which at least fifteen clear days written notice of the resolution and of the date, time and place of the meeting has been given to each member.

“Special Resolution” means a resolution passed by two thirds of the delegates present and voting at a members’ special meeting of the Society;

“Supervisory Committee” means an oversight committee elected at a General Meeting;

Tribunal” means the Co-operative Tribunal established under section 77 of the Co-operative Societies’ Act cap 490 of the Laws of Kenya;

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

5. OBJECTS

- a) The objects for which the Sacco society is established are to organize and promote the quality of life of the members by providing quality financial products and services.
- b) In particular, the Sacco society shall undertake to:
 - i) Promote thrift among its members by affording them an opportunity for accumulating their savings and deposits and providing them with credit exclusively for provident and productive purposes, at fair and reasonable rate of interest; thereby enabling them to use and control their money for their mutual benefit.
 - ii) Create a source of funds at a fair and reasonable rate of interest.
 - iii) Offer to the members complementary Savings and Credit services and other financial Products and services as Micro saver and Front office Services Operations or as may be required by the members from time to time
 - iv) Ensure safety and soundness of the members' funds through a risk management programme or appropriate insurance coverage.
 - v) Ensure personal growth through the introduction of new products and services that will promote the economic base of the members.
 - vi) Ensure progress of members and Sacco society through continuous education programs on savings and proper use of credit, reduction of poverty, human dignity and co-operation.
 - vii) Apply the co-operative principle of co-operation among co-operatives in order to promote members' interests. In furtherance to its objects, the society may affiliate to the relevant National Co-operative Union and the Apex society.

- viii) For the attainment of the above objects, the Sacco society may do acts and things that are permissible under the Act and Regulations, Co-operative Act and Rules and these By-Laws and all such other things as are incidental or consequential to the economic enhancement of its members interests provided such act is approved by the members in a general meeting.
- c) The objects of the Society shall generally be in accordance with the Co-operative values and principles.

6. CO-OPERATIVE PRINCIPLES

In order to achieve its objects the Sacco society shall act in accordance with the following Co-operative principles and relevant values.

- a) ***Voluntary and open membership***
- The society shall always be guided by the principle of voluntary and open membership in its member recruitment drive without political, ethnic, religious, gender or social discrimination.
- b) ***Democratic member control***
- The society will be fully controlled by members who will have equal voting rights on the basis of one member one vote.
- c) ***Economic participation by member***
- Members shall contribute equitably to the capital of the society and share in the results of its operations.
- d) ***Autonomy and independence***
- The society shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.
- e) ***Education, training and information***
- The society shall foster reciprocal, on-going education program for members, leaders, staff and the community so that they can teach and learn from each

other or from the appropriate resource persons in understanding and carrying out their respective roles.

f) ***Co-operation among co-operatives***

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

g) ***Concern for community in General***

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

The Board of Directors and Management shall endeavor to provide timely information, promote cooperation and understanding amongst members and with other co-operative institutions locally, nationally and internationally

7. MEMBERSHIPS, PARTNERSHIPS AND SUBSIDIARIES

- a) The Society may become a member of any national or international organization that may best serve its interest.
- b) The Society may enter into partnerships with organizations, institutions and such other service providers approved by the Board of Directors.
- c) The Society may form or participate in such subsidiaries as may be of benefit to the Society.
- d) The Society shall recognize the fact that such membership and partnerships are vital for the safety of its transactions and in the interest of its Members.

8. MEMBERSHIP

Membership shall consist of:-

- a) Original members who signed the application for registration.
- b) New members subsequently admitted in accordance with these By-Laws.

9. QUALIFICATION FOR MEMBERSHIP

A person who possesses the following qualifications shall be eligible for membership:-

- a) Is within the field of membership consisting of the following:
 - i) Past and present employees of NSSF
 - ii) Members of Entrepreneurs, groups and institutions duly registered under any law.
 - iii) An employee of the Sacco or its subsidiaries
 - iv) A nominee of a past member of the society
 - v) Employees of other institutions approved by the Board
- b) Has attained the age of 18 years.
- c) Is of good character and sound mind
- d) Has income from employment, business or trade
- e) Is not directly a money lender or carrying out such activities detrimental to the objectives of the Society
- f) Pays the entrance fee and share capital as prescribed in these By-Laws.
- g) Only active members shall be allowed to participate in the elections of the Sacco

10. CATEGORISATION OF MEMBERSHIP

There shall be three classes of membership:

- a) Class A: the original members and those falling within the composition of membership under the By-law 10(a)(i).
- b) Class B: Members of institution registered with NSSF and retired employees of category A above
- c) Class C: Individual businessmen, approved entrepreneurs, family members, groups, institutions, contractees of related companies and students

Provided that buying of shares does not change one's category.

11. APPLICATION FOR MEMBERSHIP

- a) Every applicant for membership shall complete an "application for membership". This form shall be drawn to show all the information required for the purpose of registration of a member.
- b) The completed form upon receipt and admission shall be given a membership number, filed in the members' personal file and the number given shall be entered in the member's register.

12. ADMISSION INTO MEMBERSHIP

- a) There shall be three classes of membership. The Category A membership shall be the original members and those falling within the composition of membership under the Bylaw 10(a) (i) while the Category B and C membership shall be any other member falling under by-law 10(b) to (f).
- b) An applicant shall be admitted to membership on approval of the Board of Directors, but shall not qualify for the rights and privileges of membership until he has paid in full an entrance fee and shares as may be prescribed in the membership policy.
- c) An applicant to the savings and credit Society shall be admitted into membership upon payment of an entrance fee of Kshs.1,000/- and purchase of minimum shares as shall be fixed by the General meeting from time to time.
- d) Upon admission the member's name shall be entered in the membership register and a membership number issued.

- e) Members shall be admitted by the Board subject to confirmation by the next general meeting.
- f) The member shall pay for a copy of the society's By-Laws at its actual cost to the society.

13. REFUSAL OF ADMISSION

The Board may refuse admission to a person after assigning reasons for their decision. Such a person, if otherwise eligible for membership, shall have the right to appeal to the next General Meeting through an existing delegate or the CEO. If dissatisfied by the decision of the General Meeting, one may appeal to the Co-operative Tribunal.

14. RIGHTS OF MEMBERS

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

- a) Receive, periodically and regularly, or upon request, and at least once a Year, a Statement of Accounts containing the individualized record of his/her credit and debit transactions which can be accessed through the Sacco Society website;
- b) Be elected to organs of the Sacco society, subject to these by- laws;
- c) Attend and participate in elections within the electoral zone. Each member shall have one vote irrespective of the member's total shareholding;

- d) Elect or be elected as Board member of the SACCO Society unless otherwise prohibited by any other Law or these By-Laws;
- e) Submit projects or initiative to the Board of Directors, for the improvement of the Society Services.
- f) Appoint a nominee.
- g) Share in surpluses as per dividend policy.
- h) Vote on all matters put before the electoral zone meeting.
- i) All legitimate information relating to the Sacco society, including, internal regulations, registers, Minutes of general meetings and Supervisory committees reports, annual accounts and inventories at the Sacco society's registered office;
- j) All other rights as prescribed by the Act and Rules.

15. OBLIGATIONS OF MEMBERS

A member of the Sacco society shall have the obligation to:-

- a) Observe and comply with all the Sacco society's by-laws and decisions taken by the relevant organs of the Sacco society;
- b) Be faithful and honest in all their dealings with the society;
- c) Buy and pay up for shares or make any other regular payments provided for in these By-laws;
- d) Observe the code of conduct and ethics for co-operative societies and in particular desist from any corrupt practices in all dealings with the society;
- e) Refrain from engaging in the business of money lending in competition with the society;
- f) Protect the image of the society and avoid unnecessary publicity, incitement or careless talk that can injure the reputation of the society;

- g) Inform the Chief Executive Officer in writing of change of their electoral zone;
- h) Pay their debt obligations to the society without fail and save regularly;
- i) Support issues put forth that improve the sustainability of the Society and promote the goodwill of all members;
- j) Attend zonal meetings and education forums;
- k) Encourage non-members to join the Sacco;
- l) Bring out problems affecting the Society and look for solutions;
- m) Participate in the Society projects both physically and financially;
- n) Comply with these By-Laws, the Co-operative Societies Act, SACCO Act, rules and regulations and general meeting resolutions;
- o) Meet the debts of the society in case of insolvency in accordance with the provision of the Co-operative society's Act, Sacco Act and these By-Laws;
- p) Nominate next of kin and update the records when necessary;
- q) Meet the debts of the Sacco society in case of insolvency in accordance with the provisions of the Co-operative Act and these by-laws.

16. MEMBER'S PERSONAL STATEMENT

- a) Every member shall access their regular statements online through the Sacco Website and which shall contain particulars of membership, shares, deposits and loan transactions with the Sacco society.
- b) Upon request and a fee, a member can request the Society office to have a print out of their personal statement

17. PENALTIES AND FINES

- a) Any member who willfully acts in violation of these By-Laws or regulations made there under shall be liable to a fine not exceeding twenty thousand shillings (Kshs. 20,000.00/-) for each offence not withstanding any other action that may be taken against him in accordance with the Act, Rules, these By-Laws or any other applicable law.
- b) The Board of Directors of the Society shall have powers to hear and determine matters relating to any alleged violation of By-Laws by members. Any member aggrieved by the decision of Board of Directors may appeal to the General Meeting whose decision shall be final. Provided this provision should not prejudice a members' right to refer the matter to the Tribunal, if the issue constitutes a dispute.

18. NOMINEE

- a) Every member shall nominate in writing one or more persons as nominee(s). In order of priority to whom upon his death, his shares deposits or any other interest shall be transferred;
- b) The names of such nominee(s) shall be entered in the nominee register;
- c) The records of nominee(s) shall be maintained by the Chief Executive Officer;
- d) Disputes regarding shares, deposits or any other interests of a deceased member shall be handled in accordance to the applicable law;
- e) Provided that a member shall have the right to change his/her nominee(s) in writing.

19. PAYMENT TO NOMINEE

The Sacco society after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee the value of the deceased member's deposits, interest and dividend after deducting monies owed to the Sacco society, if any.

20. ADMISSION OF NOMINEE

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

21. TERMINATION OF MEMBERSHIP

Membership in the Sacco society shall cease with effect from the date of:

- a) Death
- b) Withdrawal
- c) Expulsion
- d) Being certified insane
- e) Transferring all shares to another member
- f) Failure to remit regular savings and loan repayments for a continuous period of six months without valid reasons or leave of the Sacco society
- g) Ceasing to hold qualification for membership as specified in these By-Laws

22. SUSPENSION AND EXPULSION

The Board may suspend a member, subject to the decision of the general meeting to expel, who:-

- a) Fails to meet the requirements stated in of the Co-operative Societies Rules;
- b) Willfully fails to comply or refuses to comply with the Society's By-Laws, policies and contracts and persists in such refusal or failure;
- c) Willfully defaults in the repayment of loans due or part of loans or advances due for a period exceeding six months;
- d) Fails to save regularly;
- e) Is found to have willfully furnished false particulars in his application for membership to the society;
- f) Acts in any way detrimental or prejudicial to the society's interests or for other just cause;
- g) For any other reason approved by the General Meeting and/or as may be contained in the Society's code of ethics.
- h) Provided that, no member shall remain in suspension for a period of more than 12 months.

23. PROCEDURE OF SUSPENSION AND EXPULSION

- a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the Board shall serve a fifteen (15) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defense.
- b) Upon the expiry of the 15 days and taking into consideration the member's defense if any, the Board shall initiate administrative inquiry and make a decision

on its findings within 15 days. The Board may;-

- i) Suspend the member pending expulsion by the General Meeting or
 - ii) Impose any other punishment as may be prescribed in this By-Law or as may be directed by the general meeting from time to time.
- c) The suspended member may appeal at the next general meeting provided the notice and ground of such appeal have been filed with the Chief Executive Officer not less than twenty (20) days of the meeting.
- d) A member so suspended loses voting rights, may not qualify for new loans but shall continue repaying existing loans, but shall not attend Society meetings unless invited by the Chief Executive Officer in writing.
- e) A member who is expelled from the Sacco society shall have the right to appeal to the Tribunal.

24. WITHDRAWAL FROM SACCO SOCIETY

- a) A member may at any time withdraw from the Sacco society by giving sixty (60) days written notice to the Board;
- b) No member shall be allowed to withdraw from the society unless his outstanding loan is repaid in full or the loan balance can be fully offset against his deposits, such a member will also have to satisfy the society that all the loans guaranteed have been paid in full;
- c) A member who withdraws will be required to clear all his outstanding loans and provide alternative guarantors for loans guaranteed;
- d) Partial withdrawal of non-withdraw able deposits from the Sacco society shall not be allowed under any circumstance.

25. PAYMENT ON CESSATION OF MEMBERSHIP

On cessation of membership, a person shall be paid the following less any outstanding obligations;-

- a) The deposits (both withdraw able and non-withdraw able).
- b) Any dividends and interests due prior to the cessation date.
- c) Any other funds other than shares held by the Sacco society on his/her behalf.

26. FUNDS OF THE SACCO SOCIETY

The funds of the Sacco Society shall consist of:

a) Core Capital

- i) Paid up members shares
- ii) Retained Earnings
- iii) Disclosed Reserves
- iv) Grants and Donations

b) Income

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

c) Liabilities, which include deposits from members and borrowings from other sources as may be prescribed by the Authority.

d) Funds obtained from lawful miscellaneous sources.

27. CAPITAL ADEQUACY REQUIREMENTS

- a) The society shall at all times maintain:
 - i) Core Capital of not less than 10million shillings

- ii) Core capital of not less than 10% of total assets
 - iii) Core capital of not less than 8% of total deposits
 - iv) Institutional capital of not less than 8% of total assets
- b) The funds of the Sacco society shall only be applied for the promotion of the stated objects of the Sacco society as set forth in these by laws, and shall be invested in:
- i) Securities issued or guaranteed by the government or any agency of the government
 - ii) Deposits obligations or other accounts of deposit taking institutions under the banking Act.
 - iii) Shares, stocks, deposits in, loans to or other obligations to any Sacco Society or Co-operative Society.
 - iv) Loans to members.
 - v) Properties and Equipment for purposes of Sacco business
- c) Investments under (b) above shall not in the aggregate, exceed such proportion of total assets, core capital and deposits of the Sacco Society as prescribed in the Regulations.

28. SHARES

- a) Every member shall hold at least 50 shares of Kshs 100/- each as shall be fixed by the General Meeting. However, no member shall hold more than one-fifth of the total shares of the Sacco Society.
- b) Any amount may be accepted towards the purchase of shares provided however, that the Board of Directors may fix a minimum amount that may be paid by a member at any one time.

29. TRANSFER OF SHARES

- a) With the approval of the Board, a member may at any time transfer shares to another member but not to any other person. Such transfers must be in writing and at nominal value.
- b) All transfers must be registered with the Chief Executive Officer, and no transfer shall be valid unless so registered. A transfer fee to be determined by the Board of Directors shall be paid to the Society by the transferee.
- c) All transfers of shares shall be registered with the Sacco society and no transfer shall be valid unless so registered. A fee of Kshs 400/- shall be payable by the transferee for each such transfer.
- d) Shares shall be transferable and not withdrawable.

30. ENTRANCE FEE AND DEPOSITS

a) ENTRANCE FEE

A member shall pay an entrance fee of Kshs 1,000.00 after approval of membership or as may be determined by the Board of Directors from time to time.

b) DEPOSITS

- i) The Society shall have a documented Savings policy
- ii) All withdrawable deposits shall attract interest at a rate prescribed in the Savings policy.
- iii) The amount accumulated in the non-withdrawable deposit accounts may be used as collateral against borrowings and shall be refunded only when

- a member withdraws from membership provided the member has fully repaid all his debts and obligations, and is free from any guarantee.
- iv) A member may be refunded the amount saved in his non-withdrawable deposit account within 60 days after giving a written notification.
 - v) Non-withdrawable deposits shall attract interest at a rate to be determined by the Society and as dictated by external market forces or internal funding needs.

31. MEMBER'S LIABILITY

- a) The liability of a member shall be limited to the nominal value of the shares held by him.
- b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members; the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.
- c) In addition to (b) above members shall be compensated by the Deposit Guarantee Fund as provided in the Regulations.
- d) The estate of a deceased member shall be liable for the debts of the society, as they existed at the time of his/her death unless otherwise covered under any other existing scheme in the society.

32. POWER TO BORROW AND CREATE CHARGE

- a) Loans may be obtained from non-members subject to the maximum amount and terms approved by the General Meeting provided the total external borrowing by the Sacco Society does not exceed the limit prescribed in the Regulations.

- b) The Society may borrow up to 25% of its total assets in execution of the Society's duties.
- c) For the securing of any loans accepted by the Sacco Society under 28(1) the Sacco society may grant a charge over its assets. The authority to grant a charge shall be reserved to the General Meeting subject to approval by the commissioner for cooperatives.
- d) The rate of interest on loans shall not exceed the current market rate.

33. RECEIPTING OF MONEY

Money received on account of shares, deposits, loans, interest fees or fines shall be recorded and evidenced by an entry in the Members Personal Account or issuance of an official receipt in the name of the Society.

34. PAYMENT AND DISBURSEMENT

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

35. LIQUIDITY MANAGEMENT

- a) The Board of Directors shall formulate the Liquidity Policy for the Society.
- b) The Board shall put in place a contingency plan to handle liquidity matters. The plan shall include procedures for making up liquidity shortfalls in emergency situations and back-up liquidity strategy for circumstances in which the normal approach to funding operations are disrupted.

- c) The SACCO shall maintain adequate liquidity as required by law.

36. RESERVES

- a) Subject to the provisions of Section 47 of the Co-operative Societies Act, and approval of the Board, the Society shall pay one-fifth (20%) of its net surplus resulting from the operations during the financial year to the Reserve Fund.
- b) The Reserve Fund of the Society shall be invested or deposited in the manner provided for in Section 45 of the Co-operative Act and the Rules.
- c) The Reserve Fund shall be indivisible and no member shall be entitled to claim a specified share of it.
- d) On dissolution of the Society, the Reserve Fund shall be applied for in the manner provided for in the Act and Rules.

37. INVESTMENTS

- a) The Society shall have a written Investments policy consistent with the relevant provisions of the Co-operative Societies Act, Sacco Societies Act, Rules and Regulations and any other applicable laws.
- b) The Society shall only invest in non-earning assets or property and equipment, real estate and financial investments to the extent permitted by the Rules and Regulations.
- c) The Society shall invest in any other activity approved by the Annual General Meeting.

38. DISTRIBUTION OF SURPLUS

DISPOSAL OF SURPLUS

Subject to the Act and Rules, and approval by the members, the Net Surplus resulting from the operations of the Society during any Financial Year shall be disposed of as follows: -

- a) Not less than 20% shall be credited to the Statutory Reserve Fund
- b) The balance may be disposed of as decided at the General Meeting:-
 - i) Paying dividends on shares at a rate determined by the Board of Directors and approved by the General Meeting.
 - ii) Paying interest on deposits to members on record at close of the financial year at rate determined from time to time.
 - iii) Paying it into the institutional capital to which no member has a claim
 - iv) Being carried forward to an Education Fund or other funds of the society, including the appropriation accounts
 - v) An amount not exceeding 10% of the remaining net balance may be paid to any charitable purpose.
 - vi) Paying a gratuity or honoraria, bonuses, allowances and other commissions to Board of Directors or employees of the society as determined by the General Meeting.
 - vii) In any other way approved by the General Meeting
- c) The detailed Policies and Procedures shall be provided for by the Board of Directors in the Dividends Policy.
- d) Computation of Interest on deposits shall be paid based on the terms and conditions provided in the Savings and deposits policy.
- e) Dividends, honorarium to Board members, Supervisory committee and bonus to staff shall be based upon the Sacco performance

39. GOVERNANCE OF THE SOCIETY

a) GOVERNANCE STRUCTURE

- i) The Governance structure of the Society shall be vested in the general meeting attended by delegates and shall be the supreme authority.
- ii) The members of electoral zone shall elect their representatives to the General Meeting of the Society. An Annual General Meeting shall be convened within four months after the closure of the society's financial year.

b) ELECTORAL ZONES AND BRANCHES

- i) The Society shall operate a delegate mode of representation through established electoral zones.
- ii) The society shall have as many electoral zones and Branches as may be established by the Board of Directors from time to time as prescribed in the Electoral and Branch policy
- iii) The members of each electoral zone shall be represented by such number of delegates as may be provided for in the Electoral and Branch policy and elected in accordance with these Bylaws.
- iv) The delegates shall provide such services to members in accordance with these By- laws and other society policies.
- v) Branches shall be established based on a Branch Policy and offer all services as may be offered by the Headquarters and in line with the operational policies and procedures.
- vi) Every member shall belong to one electoral zone, provided that a member may be served at the head office or branch of the society.
- vii) To facilitate services to members, the Board shall circulate or cause to be circulated a list of established electoral zones to all branches.

- viii) Every member shall belong to one electoral zone, based on his place of employment or business, from which he will participate in election. It is the member's responsibility to inform the Board of any change of his electoral zone.
- ix) For a member to be elected in the Board of Directors or Supervisory Committee he should be a member in that electoral area.

40. FUNCTIONS OF BRANCH OFFICIALS

BRANCH OFFICIALS DUTIES

The delegates may elect branch Officials whose duties shall include:

- a) Receive complaints from members and where necessary forward them to the Management for action.
- b) Provide any information about the status of the member that may affect the Society.
- c) Participate in General Meetings, and other functions of the Society held at their respective Service Centers.

41. DELEGATES' ELECTIONS AND BY-ELECTIONS

a) DELEGATES ELECTION

- i) The delegates shall be elected for a term of three years and may be eligible for re-election.
- ii) Every delegate shall represent a given number of members as set forth in the Electoral and Branch policy.

b) BY ELECTIONS

A by-election for a delegate shall be occasioned by:-

- i) Death
- ii) Retirement
- iii) Suspension
- iv) Insanity
- v) Defaulting
- vi) Transfer to another electoral area
- vii) Conviction for criminal offence for more than (6) months
- viii) Cessation of membership

42. ELIGIBILITY OF DELEGATES

Any member shall be eligible or qualified to be elected as a delegate if he/she:-

- a) Is an active member of the Society for over 2 years
- b) Is of sound mind.
- c) Is over 18 years old
- d) Is not an employee of the Society or its subsidiary
- e) Has attained normal deposits above Kshs.300, 000.
- f) Is an active FOSA member.
- g) Has attained a minimum of Ordinary Level of education or its recognized equivalent.
- h) Has not defaulted on loan repayment for a period of three (3) months.
- i) Has no criminal record.
- j) Is not adjudged bankrupt.

43. DUTIES AND RESPONSIBILITIES OF DELEGATES

It shall be the responsibility of every delegate to:

- a) Attend General Meetings when convened, in order to exercise their democratic rights and those of the members they represent.
- b) Attend education forums organized by the Society for members or delegates.
- c) Education forums may be held physically, virtually or both.
- d) Notify the headquarters on issues related to deceased members.
- e) Educate members about the Society matters in general.
- f) Recommend and forward membership withdrawal cases to the Society for processing.
- g) Advise the members on proper loan utilization and the importance of loan repayments.
- h) Act as a liaison person between the Society and the members.
- i) Elect committed and visionary leaders as officials of the Society.
- j) Market the Society activities and enhance its corporate image.
- k) Perform such other duties and responsibilities as may be directed by the Board of Directors from time to time.

44. GENERAL MEETING

- a) The supreme authority of the Sacco society shall be vested in the General Meeting of members.
- b) An Annual General Meeting shall be convened within four months after the end of the Sacco society's financial year.
- c) A General meeting may be held physically, virtually or both.
- d) A special general meeting of the Sacco society may be held when convened

by the:-

- i) Board.
 - ii) Commissioner.
 - iii) Board within 15 days of receipt of a written request by at least two thirds members of the total registered delegates of the Society or as may be determined by the General Meeting from time to time.
- e) Provided the request is deposited by registered mail at the Sacco society's address or delivered to the Chief Executive Officer at the Sacco society's offices within normal working hours.
 - f) Members in (43.i) above, if the Committee fails to convene a meeting within fifteen days of receiving notice under the Co-operative Act. The members shall give notice to the other members of the Sacco society, stating the object and reasons for the meeting and the fact that the Committee has failed to convene the meeting.
 - g) Any business not completed at the annual General Meeting, may be taken up at a subsequent special General Meeting of the Sacco society.

45. DUTIES OF GENERAL MEETINGS

The General Meeting shall have the powers and duties prescribed in the Co-operative Societies Act, Sacco Societies Act, Rules and Regulations and these By-Laws and these By-Laws. It shall:

- a) Consider and confirm the minutes of the previous General Meeting.
- b) Confirm Board of Directors and Supervisory Committee members elected in their respective electoral zones for the ensuing year as provided in the Co-operative Act.

- c) Consider reports of committees, the Commissioner or his/her representative and the audited accounts on the Sacco society's activities during the past financial year.
- d) Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act, Regulations, Co-operative Act and Rules.
- e) Receive Reports and decide upon other matters as may be necessary for the conduct of the Society's business
- f) Elect or remove members of the Board and the Supervisory Committee, subject to the Act, Regulations and these By-Laws.
- g) Fix the indemnity for the elected committee members and management staff.
- h) Consider recommendations on expulsion of members and refusal of membership by the Board.
- i) Fix the maximum liability which the Sacco society may incur in loans and deposits from members and non-members.
- j) Approve the estimates of income and expenditure for the financial year following the General Meeting.
- k) Fix the dividend, honoraria and bonus, if any, for the Board and Supervisory Committee or employees of the Sacco society.
- l) Decide on the management structure, including the establishment of branches to facilitate efficient and cost effective delivery of services to members.
- m) Appoint bankers and auditors of the Sacco society for the ensuing year.
- n) Approve affiliation to National Co-operative Organizations for SACCO societies and the Apex society.
- o) Transact any other business of the Sacco society for which notice has been given to members in the manner prescribed in these By-Laws.

All Delegates have a right to attend the General Meeting and participate in its deliberations; however they may be required to identify themselves.

46. SPECIAL GENERAL MEETING

A Special General Meeting of the Society may be convened-

- a) By the Board of Directors or the Commissioner or;
- b) Within 15 days on receipt of a written request from at least two thirds of the total registered delegates of the Society or as may be determined by the General Meeting from time to time.
- c) Any business not completed at the Annual General Meetings may be taken up at a subsequent Special General Meeting, or at the next Annual General Meeting.
- d) A Special meeting may be held physically, virtually or both.

For a Special General Meeting requested by the members, the request must state the object of the meeting being called, and be signed by the requesters. The request shall be deposited in the registered office of the Society.

47. NOTICE OF MEETINGS

- a) The general meeting shall be convened by giving at least 15 days written notice to the members.
- b) The Honorary Secretary shall take all usual steps to publish the notice of the meeting in public places, on the Sacco society's notice Board(s), in local newspapers or news-sheets, including the media or any other mode decided by the members.
- c) All notices shall include a statement of the business to be dealt with.

48. QUORUM

Except when convened by the Commissioner, the presence of at least 25% total number of delegates or 60 delegates of the total membership, whichever is less, shall constitute a quorum for the conduct of business at the General Meeting. When a quorum is not attained the chairman shall adjourn the meeting and fix a date for another meeting within one month, which shall be advertised as prescribed in these By-Laws. If a quorum is again not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

49. REQUIRED MAJORITY

- a) A motion to remove a member of the Board whose term of office has not expired as a result of a vote of no confidence must be supported by at least two thirds of the total delegates in the meeting
- b) Amendments of these By-Laws shall be made by a resolution of majority of members present or voting at the General Meeting.
- c) A resolution to charge any property of the society shall be supported by a two-thirds majority of the members present at the meeting
- d) Any other motion shall be approved by simple majority of votes.

50. ENFORCEMENT OF DECISION

A decision taken by the General Meeting shall be binding to all delegates and members and delegates present, absent and objecting.

51. CHAIRMAN AT MEETINGS

The Chairman or in his absence, the Vice-Chairman shall preside at every General Meeting. In their absence, any Board member may preside.

52. IDENTIFICATION OF DELEGATES

- a) Before they attend or vote at a General Meeting, delegates shall be required to produce evidence of their membership and eligibility as members;
- b) Any delegate who is disorderly and disrupts business of the General Meeting may be denied entrance or ejected from the meeting.

53. RECORD OF BUSINESS

- a) All business discussed or decided at the General Meeting shall be recorded without erasures and corrections in a Minute Book, which within two weeks of the meeting, shall be signed by the Chairman of the meeting and at least one other committee member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.
- b) At the next meeting after approving any alterations or variations which shall be written below the above signatures and not as alterations to the original record, the meeting shall by resolution authorize the chairman to sign and date the final record.

54. NOMINATION AND ELECTORAL PROCESS

The society's general elections shall be conducted annually in the respective electoral areas where they fall due. The conduct of the elections shall entail the

nomination and the election processes:

a) Nomination Committee

- i) The Board shall on an annual basis appoint a Nomination committee that shall vet all candidates seeking to be considered for election
- ii) The Nomination committee shall comprise of five persons; one representative from the ministry of cooperatives serving as chairman; the Chief Executive Officer as secretary; the Society Lawyer, one management staff and a person from a recognized and relevant professional association serving as members to the committee.
- iii) A 21-day notice shall be provided for interested candidates to present their names for consideration.
- iv) Nomination certificate to be presented to the Candidate 7 days before the Election day;
- v) Communication of the nomination outcome shall be done 14 days before election day and giving reasons for rejection;
- vi) In the event of a dispute, the aggrieved party can appeal to the Commissioner;
- vii) The society shall comply with the regulations and guidelines from the Authority and the Board Charter in respect to the electoral process.

b) Duties of the Nomination Panel

- i) To receive and examine the duly filled nomination forms
- ii) To accept/reject the nomination request based on the Bylaws and Fit and Proper Test criteria
- iii) To issue the nomination certificate 7 days before the day of elections which shall be for a specific post within a given electoral area
- iv) To keep a record of its deliberations

c) Election Process

The elections shall be conducted by a returning officer who shall be the District Cooperative officer or other authorized official from the Ministry of Co-operatives whose duties shall be to:

- i) Declare the seat vacant.
- ii) Initiate the process of filling the vacant seat.
- iii) Receive nomination certificate(s) from the nominated candidate(s).
- iv) Ensure smooth conduct of the election.
- v) Declare the winner and ensure the acceptance form is signed.

d) In all the society's elections:-

- i) Nomination of candidates shall be from successful vetted applicants who should have applied 14 days before the day of election
- ii) All elections shall be either by secret ballot, show of hands or queuing as voted by a majority of the members present
- iii) There shall be no voting by proxy
- iv) No member shall have more than one vote irrespective of the number of shares held by him
- v) The elections results will be announced immediately by the presiding officer on the floor
- vi) Within 14 days of their election, the names and addresses of all persons elected to office shall be forwarded by the Hon secretary to the Commissioner and the Authority
- vii) Election petition shall be filed to the returning officers 48 hours of working days from the date of election.

e) Electoral Areas

- i) The electoral areas shall be based on electoral zones as specified in the Branch and Electoral Policy
- ii) Electoral areas for delegates shall be based on number of members as per the Branch and Electoral policy.

Provided that:-

- a) Elections shall be conducted at the electoral areas as stipulated in these By-Laws
- b) For a member to be elected in the Board of Directors or Supervisory Committee he should be a member in that electoral area.
- c) The Society shall comply with the regulations and guidelines from the Authority and the Board Charter in respect to the electoral process.
- d) Electoral areas shall be announced with 3 months prior to the election date.

55. ELECTIONS

- a) The Board shall notify the members of the vacancies arising in both the Board and the Supervisory Committee.
- b) There shall be a Nominating Committee constituted as per the Sacco Electoral Policy formulated by the Board to vet and clear the prospective candidates for elections.
- c) During elections, the Returning officer shall present duly nominated candidates for the vacant positions. Each candidate must have a proposer and a seconder.
- d) At the elections, members shall decide, by majority vote, the method of voting. The method may be secret ballot or queuing or by show of hands.
- e) No member shall be eligible to be into the Board of Directors unless he has

been a member of the Society for the immediate 36 months preceding his becoming a member.

- f) Members of the Board of Directors shall be elected from Nairobi County, Kajiado County, Kiambu County and Machakos County among the delegates in their respective electoral zones for a term of three (3) years, with one third retiring and shall be eligible for re-election.
- g) 2/3 of the members of the Board and Supervisory Committee shall be from category 'A' membership. However, category 'B' shall be guaranteed a slot for Board and Supervisory committee each
- h) No member shall be entitled to vote by proxy.
- i) Irrespective of the number of shares held by him, no member shall have more than one vote.
- j) Within fourteen (14) days of the elections, the Chief Executive Officer shall forward to the Commissioner and the Authority the names and addresses of all persons elected.
- k) A new committee elected at the General Meeting shall not assume office unless they have been cleared by the Authority and satisfied the requirements of the Co-operative Act, Rules and these By-Laws as to the indemnity and ethics.

56. THE BOARD

- a) The Board shall be elected by and from the Delegates and shall consist of nine members.
- b) The Board shall be elected for a period of three years with 1/3 of the Board retiring annually but eligible for re-election. The Chairman and Vice Chairman shall retire at the end of third year and will be eligible for re-

election.

- c) The Chief Executive Officer shall be an ex officio Board member.
- d) The motion to revoke a specific decision taken by the Board or to remove a Board member from office must be seconded by a minimum of five members.
- e) If a member of the Board fails to attend three (3) consecutive meetings without being excused there from, or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided in these By-Laws.
- f) A Board member shall continue to serve the Board even if they are moved to another zone within and outside Nairobi County, Kajiado County, Kiambu County and Machakos County until the next general meeting.

57. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD

Members of the Board of Directors shall be elected from Nairobi County, Kajiado County, Kiambu County and Machakos County among the delegates in their respective electoral zones for a term of three (3) years, with one third retiring and maybe re-eligible for re-election.

No person shall be eligible as a member of Board of Director if he/she;-

- a) Has not been a member of the Sacco Society for at least three years prior to the Annual General Meeting.
- b) Has been adversely named by the Commissioner or his/her representative in an inquiry report endorsed by an Annual or Special General Meeting for mismanagement or corrupt practices whilst still a member of the Board of a co-operative society or union in the last ten years, or named in any other national inquiries where he/ she has been shown to be engaging in dishonest

activities,

- c) Has been adversely named by the Authority in an inquiry report for mismanagement or corrupt practices while still a member of the Board of a Sacco society
- d) Has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- e) Has been convicted of any offence involving dishonesty or is imprisoned for three months or more with a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- f) Has served as a delegate for less than one year;
- g) Is delinquent on loans with the SACCO for more than 60 days within 2 years prior to elections;
- h) Shall not have attained a minimum of "O" Level Certificate of Education or equivalent;
- i) Is discharged bankrupt ;
- j) Is under 18 years of age;
- k) Is of unsound mind;
- l) Has not attained normal deposits of Kshs.500,000/=
- m) Has not within thirty (30) days of being appointed, declared his wealth to the commissioner in the prescribed manner;
- n) Fails to file an indemnity determined by the annual general Meeting and which shall be lodged with the commissioner within fourteen (14) days of his elections to the committee;
- o) Does not conform to minimum qualification standards established by the Board from time to time.
- p) Is a Board member of not more than 2 other existing Sacco society licensed under the Act;

- q) Is an official of or holds a political office at any level
- r) Does not conform to minimum qualification standards in accordance to the applicable law.
- s) Has been removed from public office on disciplinary action.
- t) Has not duly executed the Fit and Proper Test form as provided in the Regulations
- u) The elected Board members shall comply with the Board Charter which shall define roles and functions of the Board, conduct, qualifications and experience of members of the Board and Board committees.
- v) If a Member of the Board of Directors fails to attend three consecutive Meetings without acceptable reasons or otherwise fails to perform his duties in his position as a Board member, the Board of Directors may co-opt a member into the Board after his suspension.
- w) Where a member of the Board is out of station for a period exceeding 6 months and is therefore unable to perform his duties, his position may be declared vacant
- x) The election of Board members may in all cases take into account gender balance.

58. DUTIES AND POWERS OF THE BOARD

The Board of the Sacco society shall subject to any directions from the General Meeting generally direct the affairs of the Sacco society. Its procedures, powers and duties shall be as prescribed by the Co-operative Societies Act, Sacco Societies Act, Rules and Regulations and these By-Laws. In particular, it shall:

- a) Observe in all its transactions the Act and the Regulations, Co-operative Act

- and the Rules, these By-Laws and prudent business practices;
- b) Establish and approve appropriate policies including human resource management, savings, liquidity, investment, dividend, risk management, membership administration, cash handling and information management and preservation;
 - c) Ensure that the management maintains proper and accurate records that reflect the true and fair position of the Sacco society's financial condition;
 - d) Prepare and develop business plans and annual budgets for presentation at the General Meeting;
 - e) Formulate the Electoral Policy to guide in the nomination and election process;
 - f) Appoint such number of Board committees as maybe necessary to effectively discharge its functions;
 - g) Approve interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amounts that may be loaned with or without security to any member as recommended by the Sacco society's management;
 - h) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of accounts to its members at the general meeting;
 - i) Lay before the General Meeting audited accounts, together with proposals for the disposal of net surplus, if any;
 - j) Recommend to the General Meeting the dividend rate to be paid on shares, if any, and interest to be paid on non withdrawable deposits;
 - k) Fill through co-option, vacancies occurring in the Board between General Meetings;
 - l) Authorize the conveyance of properties;

- m) Authorize borrowing of the Sacco society in accordance with the law;
- n) Approve and review lending policies of the Sacco society to ensure compliance with the Law;
- o) Approve or ratify all loans to directors and employees of the Sacco society;
- p) Approve interest rates on loans to members as recommended by finance committee;
- q) Designate a depository or depositories for the funds of the Sacco society;
- r) Prepare and approve a code of conduct in the form set out in the third schedule of the Regulations;
- s) Employ and fix the remuneration of the employees including the appointment of Chief Executive Officer in accordance with the approved human resource policy;
- t) Report within 15 days the appointment, resignation or removal of the Chief Executive Officer to the Authority;
- u) Impose fines as provided for under these By-Laws;
- v) Ensure that the Sacco Society pays its statutory levies to the Authority as and when they fall due;
- w) Ensure adequate provisions for known and probable losses and recommend to the General Meeting the write-off of bad debts;
- x) Perform or authorize any actions consistent with the Act, the Regulations and these By-Laws, unless specifically reserved for the General Meeting;
- y) To provide adequate budget for education and training of members, and the capacity development of the Board and staff;
- z) Receive and consider reports from the established Board committees.

59. LEGAL STANDARD OF CARE

In the conduct of the affairs of the Sacco society, the members of the Board shall exercise the prudence and diligence of ordinary men of business and shall be held jointly and severally liable for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Regulations, any other applicable law these By-Laws or the directions of the General Meeting.

60. INDEMNITY

All Board Members shall each provide an indemnity of an amount approved by the General Meeting. A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within 14 days upon election to the Board.

61. DECLARATION OF WEALTH

Every Board member shall within 30 days of being elected declare wealth to the Commissioner in the prescribed manner.

62. CODE OF CONDUCT

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

63. CONFLICT OF INTEREST

- a) Every Board member and employee of the Society shall be required before taking part in any business transaction which the Society may be about to discuss or initiate, disclose any personal interest in the matter and shall not take part in any discussion or vote upon that item of business.
- b) The Board member or employee shall physically absent himself/herself from the discussion unless it is determined that the individual has relevant information to provide. Failure to divulge this information shall result in removal from office or termination of employment.
- c) In the event of disqualification of any such officer, Board members present at the meeting, if constituting a quorum without the disqualified person, may exercise with respect to the matter, all the powers of the Board.

64. CONFIDENTIALITY

- a) The Executive officer, members of the Board, Supervisory Committee and Employees of the Society shall hold in strict confidence all transactions of the society, with its members, and all information respecting their personal affairs, except to the extent deemed necessary by the Board in connection with the loans and the collection thereof.
- b) In case of breach of confidentiality, besides the resulting action for damages, the responsible party shall be removed from the office or their employment terminated.

65. DELEGATION TO EMPLOYEES

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

66. BOARD MEETINGS

- a) The Board shall meet not more than twelve (12) times in a financial year and not more than two months shall lapse between the date of one meeting and the date of the next meeting. At least five (5) members shall form a quorum.
- b) If a member of the Board fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his/her duties, the position shall be declared vacant and may be filled as provided for in these By-Laws.
- c) A Board meeting may be held physically, virtually or both.

67. RECORD OF BUSINESS OF THE BOARD

- a) All business discussed or decided at the Board Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other Board member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.

- b) At the next meeting, after approving any alterations or variations, which shall be written below the above signatures and not as alterations to the original record, the meeting shall, by resolution, authorize its Chairman to sign and date the final record.

68. EXPENDITURE

No expenditure shall be authorized by the Board and/or management unless it is provided for in the estimates formally approved by the General Meeting.

69. SUSPENSION OF A BOARD MEMBER

- a) The Authority may suspend from duty any Board Member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- b) The majority of the Board Members may suspend a Board Member and accordingly inform the Authority subject to ratification by the general meeting for;
 - i) Failure to disclose vested interests.
 - ii) Any other good cause.

70. REMOVAL OF A BOARD MEMBER FROM OFFICE

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

- a) Ceases to hold qualifications of a Board of Director as specified in the Act, Regulations and these By-laws;

- b) Is removed by the Authority under the provisions of the Act and Regulations;
- c) Is voted out by two-thirds majority of members present and voting at the General Meeting.
- d) Is removed by the Commissioner under the provisions of Co-operative Act and the Rules.

71. CHAIRMAN AND VICE CHAIRMAN

- a) The Chairman shall preside over all meetings of the members and over all meetings of the Board. He shall perform such other duties as may be directed by the Board, but not inconsistent with the provisions of the Co-operative Societies Act, and rules, and these By-Laws.
- b) The Vice-Chairman shall perform the duties of the Chairman during his absence and shall perform such other duties as the Board may direct him to.
- c) The Chairman shall convene Sacco meetings and give the agenda. Where there is conflict in calling for a meeting, then the other Board will escalate the matter to the State of Department of Co-operatives.

72. TREASURER

The Treasurer may have financial management background. The powers and duties of the treasurer shall be:-

- a) Generally to manage, or cause to be managed the financial affairs of the society in a competent and efficient manner.
- b) To maintain full and complete records of all assets, liabilities and books of accounts.
- c) To ensure the safe-keeping of the society's money, securities and books of accounts.

- d) To ensure that all payments and expenditures are duly authorized.
- e) To perform such other duties as may from time to time be assigned by the Board.

73. HONORARY SECRETARY

The duties of the Secretary are:-

- a) To record the minutes of the Board meetings and delegates meetings;
- b) To ensure that the Society correspondences are promptly and correctly attended to;
- c) To ensure the communication of notices of meetings;
- d) Co-ordinates all activities of the Society;
- e) To perform such other duties as may from time to time be assigned by the Board.

74. BOARD COMMITTEES

- a) Board committees shall consist of persons drawn from the Board.
- b) The Board may delegate to the Board-committees some of its duties under these By-Laws as it deems fit.
- c) These committees shall convene as directed by the Board.
- d) The committees :-
 - i) Shall keep minutes of their work at all times
 - ii) May delegate to the management any of their functions but shall ultimately bare responsibility
 - iii) A Committee meeting may be held physically, virtually or both.

a) CREDIT COMMITTEE

- i) The Credit Committee shall consist of three members who shall be members of the Board of Directors. The Credit Committee shall be chosen at a meeting of the Board of Directors within 7 days after elections;
- ii) The Board of Directors may set the minimum qualifying requirements for the credit committee from time to time;
- iii) The Credit Manager shall serve as an ex-officio member;
- iv) The Credit Committee shall hold such meetings as the business of the Society may reasonably require, but not less frequently than once a month;
- v) The duties and responsibilities of the Credit Committee shall be as prescribed in the credit policy and Board Charter.

b) FINANCE AND HUMAN RESOURCE COMMITTEE

- i) The Finance and Human Resource Committee shall provide oversight on behalf of the Board, over all Finance and Human Resource matters;
- ii) The Finance and Human Resource Committee shall consist of four members including the Treasurer of the Society. The Chief Executive Officer, Finance Manager, Human Resource Manager and shall serve as ex-officio members.
- iii) The duties and responsibilities shall be as provided in the Board Charter but not limited to:
 - a) Overseeing the development and implementation of comprehensive policies and procedures encompassing all Finance, Investment, Assets Liability Management and Risk management matters;
 - b) Reviewing the Society's Annual Budgets, ensuring that these are in accordance with Societies Strategy and recommending approval to the Board;

- c) Monitoring the Institution's financial performance vis-à-vis approved Budgets;
- d) Providing oversight over the Society financial risk management activities especially with regard to interest rate risk, liquidity risk, credit risk and capital risk, legal and regulatory risk;
- e) Ensuring that the Society has a solid Asset Liability Management process;
- f) Ensuring the existence of comprehensive Human Resource policies;
- g) Selection and retention of management and staff;
- h) Development and management of staff compensation and benefits scheme;
- i) Planning for the succession of senior management;
- j) Professional development for management and staff;
- k) Any additional matters delegated to the Finance and Human Resources Committee by the Board.

c) BUSINESS DEVELOPMENT AND EDUCATION COMMITTEE

- i) The Business Development and Education Committee shall consist of three members who shall be members of the Board of Directors;
- ii) The Marketing Manager or Business Development Manager shall be an ex officio member.
- iii) The duties of the Business Development and Education Committee shall include to:-
 - a) Advise the Board on necessary revisions and/or amendments to the Society's Strategic Direction in view of emerging business and market trends;
 - b) Review, monitor and recommend to the Board for approval new and

- revised prices, products and services;
- c) Receive and review regular reports of various Marketing and Customer Service related matters and guide management on continuous improvement efforts;
 - d) Arranging education and training of Board members, delegates and members of the Society
 - e) Review and recommend education program for members, delegates, Board members and the general public for approval by the Board.
 - f) Monitor implementation of the education programmes formulated to ensure that the members, delegates and Board are well trained and prepared for the tasks they are entrusted with.
 - g) Perform such other duties and responsibilities of the Business Development and Education Committee as may be prescribed in the Board of Directors Charter

d) AUDIT AND RISK MANAGEMENT COMMITTEE

- i) The Audit and Risk Management Committee shall be duly constituted by the Board of Directors to review the financial conditions of the Society, its internal controls, performance and findings of the internal auditor and to recommend remedial actions regularly and at least once in every three months;
- ii) The Audit and Risk Management Committee shall consist of three directors. The Internal Auditor shall be the Secretary to the committee;
- iii) One of the Board members, shall be conversant with financial and accounting matters. The chairman of the Board of Directors shall not be a member of the Audit committee;
- iv) The Audit and Risk Management Committee shall report to the Board of

Directors on measures taken to implement recommendations and corrections of findings reported;

- v) The duties and responsibilities of the Audit and Risk Management Committee shall be as prescribed by the Board of Directors and provided for in the Board Charter.

75. SUPERVISORY COMMITTEE

There shall be a Supervisory Committee consisting of three (3) members who must not be employees of the SACCO or serving on the Board or any other Committee of the Society. The Supervisory Committee shall be directly answerable to the General Meeting, to which it shall report.

The Supervisory committee is elected by the members at the Annual General Meeting. The Supervisory committee shall consist of three members all of whom shall:

- a) Not be employees of the society, members of the Board or any Board committee;
- b) Have some experience in audit, accounting or general management;
- c) Be from Nairobi County, Kajiado County, Kiambu County and Machakos County among the delegates in their respective electoral zones.
- d) The term of the committee members will initially be three (3) years with one (1) of them retiring yearly on rotational basis;
- e) The Supervisory Committee members shall choose amongst themselves a Chairman, Secretary and a member.
- f) The Supervisory committee shall evaluate the internal operations of the Society.
- g) Supervisory Committee shall not perform the duties or exercise any of the

powers of the Board of Directors of the Society.

- h) A Supervisory Committee meeting may be held physically, virtually or both.

Without intervening in the administrative functions subject to its control and supervision, the Supervisory committee shall be responsible for Society compliance and internal Control and oversight.

76. THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer shall be appointed by the Board and shall be responsible for the day to day operations of the Sacco society and in particular ensure:

- a) The implementation of and adherence to the policies, procedures and standards;
- b) Systems that have been established to facilitate efficient operations and communication are followed
- c) The planning process that has been developed to facilitate achievement of targets and objective is adhered to.
- d) All staff matters, particularly human resource development and training are attended to.
- e) Adherence to the established code of conduct;
- f) Compliance with the Co-operative Societies Act, Sacco Societies Act, Rules and Regulations, these by laws and any other applicable laws.

The Chief Executive Officer shall;

- i) Attend all Board and general meetings and special general meetings as an ex-

officio member.

- ii) Be a signatory to Sacco society cheques, contracts and other documents as may be necessary.
- iii) Perform such other duties as may be assigned by the Board.

The Chief Executive Officer shall ensure that the Board is frequently and adequately appraised on the operations of the Sacco society through presentation of relevant reports which shall cover, but not limited to the following:-

- i) Financial statements (monthly, quarterly and annual);
- ii) Showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances;
- iii) Capital structure and adequacy;
- iv) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning;
- v) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual;
- vi) Sources and application of savings and deposits;

77. CONDUCT OF BUSINESS

The Board of Directors may make such rules not inconsistent with these By-Laws, as they may deem necessary for the conduct of the society's business. Any such regulations shall be recorded in the minutes ,incorporated in the Society policies and shall be posted on the society's notice Board, and shall come into force when and as determined by the Board.

78. LOANS TO MEMBERS

- a) The society shall have a credit policy approved by the Board of directors. The credit policy shall comply with the Act, Rules, SASRA Regulations, the Commissioners' policies and any other relevant law of Kenya that shall guide the issuing of loans to members;
- b) All loans (including repayment, security and recovery) shall be considered in accordance with the provisions of the credit policy in force and which may be reviewed from time to time.

The rate of interest on loans shall be determined by the Board of directors as informed by a cost analysis and pricing through the annual business plan process

79. BOOKS OF ACCOUNTS AND RECORDS

The Sacco society shall keep up to date and in a proper business-like manner, electronic or otherwise, such books of accounts and records as stipulated in Co-operative Act and Rules, and in particular:-

- a) A register of members showing in respect of each member:
 - i) Name, age, date of application for membership, address and occupation;
 - ii) Date of admission to membership;
 - iii) Date of cessation of membership,
 - iv) Name and particulars of nominees,
 - v) Any other information as may be required by the Sacco society from time to time, and
 - vi) Number and Value of shares held
- b) Minute books giving details of proceedings of Board, Board committees, joint Board and Supervisory Committee, Supervisory Committee meetings and all

- other committee meetings held in accordance with these By-Laws.
- c) Minute book giving details of proceedings at the General Meetings.
 - d) A cashbook showing the details of all monies received or paid out by the Sacco society.
 - e) A general ledger containing such accounts as is necessary to accurately reflect the business of the Sacco society.
 - f) A personal ledger for each member showing his/her transactions with the Sacco society.
 - g) A register of assets and property.
 - h) A register of loans to members showing in respect of each loan; the loan number, name of the borrower, the amount borrowed, the purpose of the loan, security, the due date of repayments and the date repayments were completed.
 - i) Such other books and records as the Board or the Authority may decide or prescribe.

The accounts and the financial records of the Sacco society shall be denominated in Kenya shillings and shall comply with international financial reporting standards and any reporting requirements prescribed by the Authority.

80. PAYMENT TO BOARD OF DIRECTORS

The society may, upon approval of the General Meeting pay any of its officers or members such honorarium, salary commission or other payments subject to the provisions of the approved budget for the Financial year, provided that no expenditure shall be authorized by the Board or payment unless it is provided for in the estimates formally approved by the Annual General Meeting.

81. AUDITS

- a) The Society shall submit to the Authority the selected names of the external Auditor within 30 days after the annual general meeting together with an extract of minutes appointing the external auditor;
- b) The Auditor shall submit audited accounts to the general meeting within two months after the end of the accounting period.
- c) The society shall pay such audit fees and supervision fees in accordance with the Act, Rules and Regulations.

82. DEPOSIT GUARANTEE FUND

The Society shall pay the assessed annual premiums to the Deposit Guarantee Fund.

83. FINANCIAL YEAR

The Financial Year of the Society shall be the same as the Calendar Year (from 1st January to 31st December).

84. POLICIES, GUIDELINES & PROCEDURES

a) GUIDELINES AND POLICIES

The Board of directors may make such policies and guidelines not inconsistent with the Co-operative Societies Act, Sacco Societies Act, Rules and Regulations and these By-Laws, as they may deem necessary for the conduct of the society's

business. Any such policies and guidelines shall be recorded in the minute book and shall be posted on the society's Notice Board, and shall come into force when and as determined by the Board of directors

b) POLICIES AND PROCEDURES

The Board shall make and approve such policies and procedures as prescribed in the Regulations and as they deem necessary for the conduct of the Sacco society's business. Any such policies and procedures shall be recorded in the minute book.

85. CODE OF CONDUCT

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

86. AUTHORISATION TO SIGN DOCUMENTS

- a) All documents, contracts, and cheques shall be signed on behalf of the society by any three of the:-
 - i) Chairman
 - ii) Vice-Chairman
 - iii) Treasurer
 - iv) Secretary

The C.E.O shall countersign all the documents

- b) The internal regulations shall detail which signatories are necessary for particular operations.
- c) Unless otherwise provided the documents of the society shall be deemed

official provided they carry the official stamp/seal and designated signatures.

- d) The books, accounts and all other documents of the society shall be permanently at the disposal of the Board, Supervisory Committee and the commissioner of Co-operative. Information from the records shall be kept very confidential.

87. COMMON SEAL

The Sacco society shall adopt and use a common seal. The seal shall have an imprint bearing the words "seal of

"NSSF CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED" which shall be different from the ordinary name-stamp of the Sacco society.

The seal shall be kept securely under lock and key by the Chief Executive Officer and be used only in the presence of the officers authorized to sign documents on behalf of the Sacco society.

88. DISPUTE RESOLUTION

- a) In case of any dispute between the Society and any member or a member and a member such dispute shall be handled by way of mediation through an officer appointed by the County Director of Co-operatives
- b) The dispute must be heard and determined within a period of 30 days
- c) Where any of the parties to such dispute feels dissatisfied with the finding or verdict of the immediate, such party shall make reference to the tribunal (or appeal) within a period of 14 days for such determination
- d) And where no parties appeals against the determination they shall remain final and shall be binding

89. MISCELLANEOUS

- a) No Board member or Supervisory Committee member shall receive from the Sacco society any payment apart from sitting allowance, and travelling and subsistence allowance, except a honorarium from the net surplus as allowed in these By-Laws.
- b) The Board and Supervisory committee members and employees of the Sacco society shall hold in the strictest confidence all transactions of the Sacco society with its members.
- c) No member of the Board or Supervisory committee shall in any manner participate in the deliberations and determination of any question affecting his/her financial interest. In the event of any disqualification, the remaining qualified Board or committee members present at the meeting, if constituting a quorum with the disqualified person may exercise, with respect to the matter, all powers of the Board or committee.
- d) A copy of these By-Laws shall be furnished to every member who joins the Sacco society or on request upon payment of a fee not exceeding its actual cost to the Sacco society.

90. INSPECTION OF DOCUMENTS

- a) All books of accounts and other records shall at all times be available for inspection by the Authority, Supervisory committee and the members.
- b) The By-Laws of the Sacco society and the registration certificate shall at all times be available for inspection by the Authority and the Commissioner.
- c) A list of members (excluding details of nominees and shareholdings, deposits and loans) shall be available for inspection by any member and any other stakeholder upon payment of a prescribed fee.

OFFICIAL CERTIFICATION

I certify that the foregoing By-Laws of the NSSF Co-operative Savings and Credit Society Limited have been approved and duly registered. Given under my hand at Nairobi this 27th..... Day of MAY..... 2021.....

Ag GEOFFREY N. NJANG'OMBE
COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT



DISSOLUTION





The Sacco society shall be dissolved in accordance with the procedures set forth in the Co-operative Act and Regulations and the Rules.

AMENDMENT OF BY-LAWS

These By-Laws shall be amended in accordance with the Co-operative Act and Regulations, the Act and Regulations but no amendment shall become effective until it is approved and registered by the Commissioner.

ACCEPTANCE

The undersigned Board of Directors of NSSF Co-operative Savings and Credit Society Limited named herein do hereby accept these By-Laws for and on behalf of the Sacco society.

	Name	ID. Number	Signature
Chairman	Edward Mugalla	14679146	
Chairman	Albunus Mbaluka	12534885	
Chairman	Mathew Kyondo	13506975	
Secretary	Esther Mwaura	5599516	

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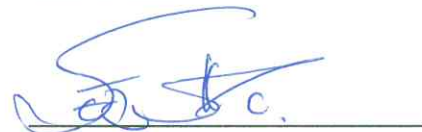
CERTIFICATE OF AMENDMENT OF BY-LAWS

We Edward Shikali Mugalla and Esther Mwaura, Chairman and Hon Secretary of NSSF Co-operative Savings and Credit Society Limited hereby certify:

- i) That the enclosed amendment for the By-laws was made at a general meeting held on 29th February, 2020.
- ii) That on that date there were 91 members' society of whom 91 were present in the meeting.
- iii) That 91 members voted for the amendment.

Date 27th May 2020

Edward Shikali Mugalla
Chairman



Esther Mwaura
Secretary



APPROVED
GEOFFREY D. NSANC'OMBE
COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT
27th MAY 2021