

BY LAWS

OF

NYATI SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

CS/ NO 2736

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PART I - PRELIMINARY

1. NAME AND AREA OF OPERATION

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

2. REGISTERED OFFICE/ POSTAL ADDRESS

2.1 REGISTERED OFFICE

The registered office of the Sacco society shall be at ODYSSEY PLAZA, SOUTH B-MUKOMA ROAD.

2.1.1 POSTAL ADDRESS

The postal address shall be care of P.O. Box 7601-00200 Nairobi.

2.1.2 WEB SITE ADDRESS

The website address shall be: <http://nyatisacco.co.ke>

- 2.2 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 (thirty) 30 days of such change.

3. OPENING AND RELOCATION OF SACCO SOCIETY’S BRANCH

- 3.1 The Sacco Society shall seek a written approval from the Authority to open a new branch or relocate a branch.

4. INTERPRETATIONS AND DEFINITIONS

- 4.1 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 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.
- 4.2 In these by-laws where the masculine gender is referred to, it will be construed to include the feminine gender.

4.3 In these by-laws save as otherwise expressly stated:

- (i) **“Audit Committee”** shall mean a Committee of the Board established as per the Regulations.
- (ii) **“Authority”** shall mean the Sacco Societies Regulatory Authority (SASRA) established under section 4 of the Sacco Societies Act;
- (iii) **“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.
- (iv) **“Apex Society”** means a Society formed at the national level by the cooperative movement and registered under the Co-operative Societies Act to promote cooperative development and represent the interests of co-operative societies locally and internationally;
- (iv) **“Applicable Law”** shall mean any other relevant law other than the Sacco Societies Act, 2008 and the Regulations, Co-operative Societies Act cap 490, Rules, and these by-laws.
- (v) **“Board of Directors”** shall refer to the persons elected in a duly convened General Meeting to govern the Business of the Sacco society as per these by-laws hereinafter referred to as **“the Board”**.
- (vi) **“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;
- (vii) **“Chief Executive Officer”** or **“CEO”** refers to the Chief Executive Officer of the Society;
- (viii) **“Commissioner”** shall mean “the Commissioner for Co-operative Development as provided for in the Co-operative Act.”
- (ix) **“Co-operative Act”** refers to the Co-operative Societies Act, Chapter 490 of the Laws of Kenya;
- (x) **“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.

- (xi) **“Delegate”** means members’ representative elected in accordance with these By-laws;
- (xii) **“Dispute”** means a dispute within the meaning of Section 76 of the Co-operatives Societies Act;
- (xiii) **“Dividend”** shall mean members share of the surplus of the Sacco society which is divided amongst its members based on shareholding.
- (xiv) **“Deposit”** means a sum of money received or paid on terms under which it shall be repaid with or without interest or premium and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it.
- (xv) **“Electoral Zone”** means a cluster of members in a certain location eligible for representation by a delegate in accordance with these By-laws
- (xvi) **“General Meeting”** shall be a meeting (either “Annual” or “Special”) for all members duly convened by the Sacco society to conduct its business.
- (xvii) **“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.
- (xviii) **“Officer”** means a Director or any other person holding a designated title, who carries out or is empowered to carry out functions relating to the overall direction of the Society or takes part in the general management thereof.
- (xix) **“Regulations”** means the regulations formulated by the minister in charge of co-operative development and includes the Sacco Societies (Deposit-taking Sacco Business) Regulations, 2010.
- (xx) **“Returning officer”** is a person appointed to oversee or conduct the elections of a co-operative society at a general meeting. ‘Rules’ mean the rules made by the minister in charge of co-operative development and include the Co-operative Societies Rules, 2004;

- (xxi) "**Sacco Act**" means the Sacco Societies Act, No. 14 of 2008;
- (xxii) "**Sacco Society**" means a savings and credit co-operative society registered under the Co-operative Act and licensed under the Sacco Societies Act, 2008.
- (xxiii) "**Share Capital**" shall mean members' equity in the form of issued and fully paid up shares of common stock.
- (xxiv) "**Supervisory Committee**" means an oversight committee elected at a general meeting and in accordance with these By-laws.
- (xxv) "**The Society**" means Nyati Savings and Credit Co-operative Society Limited.
- (xxvi) "**Tribunal**" shall mean the Co-operative Tribunal established under Section 77 of the Co-operative Societies Act;

4.4 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.

PART II-OBJECTS OF THE SOCIETY

5. OBJECTS

- 5.1 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.
- 5.2 In particular, the Sacco society shall undertake:
 - (i) To 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) To ensure personal growth through the introduction of new products and services that will promote the economic base of the members.
- (iii) To provide an opportunity for each member to improve his respective socio-economic conditions.
- (iv) To offer to the members' complementary savings and credit services and other financial products as may be required by the members from time to time.
- (v) To ensure safety and soundness of the member funds through a Risk Management Program or appropriate insurance coverage.
- (vi) To ensure the progress of its members by educating them continuously on the proper use of credit.
- (vii) To perform all those functions and exercise the powers designated for Savings and Credit Co-operative Societies under the Applicable law for the benefit of the members.
- (viii) To provide welfare services as may be determined by the Board from time to time.
- (ix) To 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.
- (x) To 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, the Apex Society and other approved relevant organizations and institutions.

5.3 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 either specifically or generally.

6. CO-OPERATIVE PRINCIPLES AND VALUES

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

6.1 PRINCIPLES

- (i) *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.
- (ii) *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.
- (iii) *Economic participation by member*
Members shall contribute equitably to the capital of the society and share in the results of its operations.
- (iv) *Autonomy and independence*
The society shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.
- (v) *Education, training and information*
The society shall foster reciprocal, on-going education programmes 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.
- (v) *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.
- (vi) *Concern for community in General*
The society shall show concern to the community in which it exists and operates.

6.2 VALUES

The values shall include self-help, mutual responsibility, equality and equity. It shall practice honesty, openness and social responsibility in all its activities.

6.3 COLLABORATION, PARTNERSHIPS AND SUBSIDIARIES

6.3.1 The Society may:

- a) become a member of any national or international organization that may best serve its interests;
- b) enter into partnerships with organizations, institutions and such other service providers approved by the Board of Directors;
- c) form or participate in such subsidiaries as may be of benefit to its members;
- d) participate in the credit information sharing mechanism as permitted by law;
- e) recognize the fact that such membership and partnerships are vital for the safety of its transactions and in the interest of its members.

6.3.2 Notwithstanding the provisions of paragraphs 6.3.1 (b) and (c) and in order to form subsidiaries, the Board of Directors shall seek the approval of the General Meeting.

6.3.3 Subject to clause 6.3.2 above, the Society may invest in any other identifiable means by forming subsidiaries wholly owned or controlled by the Society.

PART III - GOVERNANCE OF THE SOCIETY

7. GOVERNANCE STRUCTURE

7.1 The Governance structure of the Society shall comprise the General Meeting that has the overall control of the Society, the Board and staff.

7.2 The members of an electoral zone shall elect their delegate(s) who shall constitute the General Meeting, provided that in the interest of maintaining the operations of the Society, the Board of Directors may delegate authority to Branch Officials to provide loans and other services at designated Branches.

8. BRANCHES AND ELECTORAL ZONES

- 8.1 The Board shall determine the criteria for opening a branch and the number of branches the Society may have, based on the number of members and geographical convenience.
- 8.2 The Society shall have as many Electoral zones and branches and branch officials as may be approved by the Board from time to time in accordance with the Society's electoral policy and branch policy.
- 8.3 The members of each Electoral zone shall be represented by such number of delegates as provided for in these By-laws and elected in accordance with the electoral policy.
- 8.4 Branches shall offer all services as may be offered by the headquarters and in line with the Society's operational policies and procedures.
- 8.5 Every member shall belong to one Electoral zone, provided that a member may be served at the head office or any branch office in line with the Society policies.
- 8.6 The functions of branch officials shall be as provided in the Board and governance charter of the Society.

9. ELECTIONS OF DELEGATES

- 9.1 The Society shall operate under a delegate mode of representation and the elections shall be guided by the electoral Policy. The total number of delegates shall not exceed 150 delegates, provided that any in the number of delegates shall be approved by the General Meeting.

- 9.2 To facilitate services to members countrywide, the Board shall establish Electoral zones and circulate or cause to be circulated a list of such Electoral zones to all members for their information.

9.3 ELIGIBILITY AS A DELEGATE

- 9.3.1 A member shall be eligible or qualified to be elected as a delegate if he or she complies with the provisions of the Board and electoral policy and without prejudice to the generalities of this sub-section, a member shall be eligible for election as a delegate if that member:

- a) is a member of the Society;
- b) is a member in good standing and is current on deposits, loans and has not been a defaulter for six months or more prior to the election;
- c) has attained at least non-withdrawal deposits amounting to Kshs. 200,000, or any other amount approved by the General Meeting from time to time;
- d) has attained a minimum of academic qualification of O level or its recognized equivalent;
- e) should have an active FOSA account;
- f) should have been a member for 5 years;
- g) should be of good standing and character;
- h) should be patriotic and loyal to the society;
- i) should be at least 18 years old;
- j) should not be a current employee of the Sacco; and
- k) has not been previously convicted of a criminal offence involving dishonesty.

9.3.2 A candidate who is evidently known to engage in bribery, corruption, undue inducement of other members, or an election malpractice of any description, shall stand disqualified regardless of the seat he/she seeks.

9.3.3 Education and training shall be provided to delegates on a regular basis.

9.4 DUTIES AND FUNCTIONS OF DELEGATES

The duties/functions of Delegates shall be:

- a. Representing members of a branch at the General Meeting.
- b. Disseminating policies of the Society to the members.
- c. Recruiting new members.
- d. Marketing of the society products.
- e. Educating members on Society policies, rules and procedures.

- f. Promoting positive image of the Society at the Branch.
- g. Act as a liaison between the Society and its members.
- h. Perform such other duties and responsibilities as may be directed by the Board from time to time.

10. ANNUAL GENERAL MEETING

- 10.1 The supreme authority of the Sacco society shall be vested in the General Meeting of members in the manner prescribed in prescribed in the Co-operative Societies Act and these By-laws.
- 10.2 An Annual General Meeting shall be convened within four months after the end of the Sacco society's financial year to hold elections and to undertake such other business as laid down in these By-laws.
- 10.3 Any business not completed at the Annual General Meetings, such as acting upon the Auditor's report (if not received by the time of the meeting), may be taken up at a subsequent Special General Meeting, or at the next Annual General Meeting.
- 10.4 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 fifty (50) members or one fourth of the members, whichever is less.
- 10.5 Provided that 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.
- 10.6 Members in (10.1) 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.
- 10.7 Any business not completed at the annual General Meeting, may be taken up at a subsequent special General Meeting of the Sacco society.

11. NOTICE OF GENERAL MEETINGS

- 11.1 The General Meeting shall be convened by giving at least fifteen (15) days written notice to the members.
- 11.2 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.
- 11.3 The Society may also use modern information and communication technology and send notices to members electronically in such form as email and short text message. Such form of invitation shall not invalidate a meeting
- 11.4 All notices shall include a statement of the business to be dealt with.
- 11.5 All General Meetings shall be conducted according to the procedures and rules of order approved by the Board.

12. QUORUM

- 12.1 Except when convened by the Commissioner, the presence of at least one quarter (1/4) of delegates or 30 delegates, whichever is less, shall constitute a quorum for the conduct of business at the General Meeting.
- 12.2 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.
- 12.3 If at the subsequent meeting, 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.

13. REQUIRED MAJORITY

- 13.1 The motion to revoke a specific decision taken by the Board or to remove a committee member from office must be seconded by a minimum of five delegates attending the General meeting.

- 13.2 Amendments of these by-laws shall be approved by a vote of two-thirds majority of the members present at the meeting.
Any other motion shall be approved by simple majority of votes.

14. ENFORCEMENT OF THE DECISIONS

- 14.1 Any decisions taken by the majority at members meetings shall be binding to all members and delegates present, absent and objecting.
- 14.2 Members may exercise their rights of objection and separation about decisions related to the SACCO's conversion into a different organization or merger.

15. CHAIRMAN AT MEETINGS

- 15.1 The Chairman, or in his absence, the Vice-Chairman shall preside at every General Meeting. In their absence, any Board member elected by a majority of the delegates shall preside failing which any member elected by a majority of those present shall preside.

16. IDENTIFICATION OF MEMBERS

- 16.1 Before, they may attend or vote at a General Meeting, each member shall be required to produce a membership identification card or identify himself as a member or delegate in an acceptable manner.

17. DUTIES OF GENERAL MEETINGS

- 17.1 The General Meeting shall have the powers and duties prescribed in the Act, Regulations, Co-operative Act, Rules and these by-laws. It shall:
- a) Consider and confirm the minutes of the previous General Meeting and consider matters arising therefrom.
 - b) 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.

- c) 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.
- d) Receive reports and decide upon matters as may be necessary for conduct of the Society's business.
- e) Confirm or otherwise consider, action taken by the Board, and give direction to the Board where necessary.
- 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 appeals against suspension of members and recommendations on expulsion of members and refusal of membership by the Board.
- i) Elect, suspend or remove members of the Board and the Supervisory Committee provided that proper notice and the purpose of the meeting have been given in advance.
- j) Fix the maximum liability which the Sacco society may incur in loans and deposits from members and non-members.
- k) Approve the estimates of income and expenditure for the financial year following the General Meeting. Fix the honoraria, bonuses and other allowances if any, for officers 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) Decide the amount and kind of indemnity bond, or other security, which shall be required of the Board and supervisory committee members having been elected.
- n) Appoint bankers, auditors and advocates of the Sacco society for the ensuing year.
- o) Approve affiliation to National Co-operative Organizations for Sacco societies and the Apex Society.

- p) Transact any other business of the Sacco society for which notice has been given to members in the manner prescribed in these by-laws.
- q) All members have a right to attend the General Meeting and participate in its deliberations; however, they may be required to identify themselves.

18. RECORD OF BUSINESS

- 18.1 All business discussed or decided at the General 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 verify that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.
- 18.2 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.

PART IV -BOARD OF DIRECTORS AND COMMITTEES

19. THE BOARD

- 19.1 The Board shall be the governing body of the Sacco society elected from the delegate and shall consist of nine (9) members who are non-executive. The Board shall be elected from amongst the delegates of Nairobi County branches for the effective operations of the Society's affairs.
- 19.2 The board shall include the Chairman, Vice chairman, Treasurer and Secretary all of whom shall be elected by the Board from amongst the members of the Board.
- 19.3 Members of the board shall hold office for a period of three (3) years provided that, (1/3) one-third of the Board members shall retire every year on rotation and will be eligible for re-election subject to the conditions stipulated in these By-laws.

- 19.4 Where the membership of the Board falls below five (5) the Nomination Committee shall co-opt qualified member(s) into the Board until the next General Meeting.

20. BOARD MEETINGS

- 20.1 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.
- 20.2 Meetings of the Board shall be chaired by the Chairman. In his absence the Vice Chairman shall chair. In their absence the Board will from amongst them a chairman.
- 20.3 At least five (5) members of the Board shall form a quorum for the disposal of business.
- 20.4 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.
- 20.5 During the Board Meetings:
- 20.5.1 The minutes of the previous meeting shall be considered and confirmed.
 - 20.5.2 The accounts, cash books and cash in hand shall be scrutinized and checked and the Boards observations therein recorded in the minutes.
 - 20.5.3 Any current business shall be considered.

21. RECORD OF BUSINESS OF THE BOARD

- 21.1 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.

21.2 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.

22. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD

22.1 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 one year prior to the Annual General Meeting.
- b) receives any remuneration, salary or other payment from the Society save in accordance with the Act.
- c) has a record of lending members money on his/her own account?
- d) 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, has been adversely named by the Authority in an inspection report for mismanagement or corrupt practices while still a member of the board of a Sacco society.
- e) has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- f) 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.
- g) Is delinquent on loans with the Sacco for more than sixty (60) days within two (2) years prior to elections.
- h) has not made savings of at least Kenya Shillings Three hundred thousand (Kshs. 300,000.00) or as may be determined from time to time by the General Meeting.
- i) shall not have attained a minimum of "O" Level Certificate of Education or equivalent or as may be determined by the General Meeting.

- j) Is un dis-charged bankrupt.
 - k) Is under eighteen (18) years of age.
 - l) Is of unsound mind.
 - m) Is a Board member of another existing Sacco society licensed under the Society Act?
 - n) Is an official of or holds a political office at any level.
 - o) Does not conform to minimum qualification standards established by the General Meeting from time to time.
 - p) Does not satisfy the requirements of Chapter 6 of the Kenyan Constitution on leadership and integrity whose details are stipulated in the Electoral policy.
 - q) Has been removed from public office on disciplinary action.
 - r) Has not duly executed the 'fit and proper' test form as provided in the Regulations.
- 22.2 A member who leaves the Board for whatever reason shall not be eligible for election as a Supervisory Committee member until after three years. Similar provision applies to a member who leaves the Supervisory Committee.
- 22.3 The elected officials shall be vetted and required to undergo a 'fit and proper' test as prescribed by the Authority and lodge an indemnity with the Commissioner within two (2) weeks.

23. ELECTIONS

- 23.1 The Board shall notify the members of the vacancies arising in both the board and the Supervisory Committee.
- 23.2 There shall be a Nominating Committee constituted as prescribed in By-law 22 herein below per the Sacco Electoral Policy formulated by the Board to vet and clear the prospective candidates for elections.

- 23.3 During elections, the Returning officer shall present duly nominated candidates for the vacant positions. Each candidate must have a proposer and a seconder.
- 23.4 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.
- 23.5 No member shall be entitled to vote by proxy.
- 23.6 Irrespective of the number of shares held by him, no member shall have more than one (1) vote.
- 23.7 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.
- 23.8 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.

24. NOMINATION COMMITTEE

- 24.1 The Board shall on annual basis appoint a Nomination Committee that shall vet all candidates seeking to be considered for elections.
- 24.2 The composition and duties of the Nomination committee shall be as spelt out in the Electoral policy.
- 24.3 The Board of Directors, Supervisory Committee members, delegates and employees shall comply with the regulations and guidelines from the Authority, the Board and Electoral policy in respect to the electoral process.
- 24.4 In order to avoid conflict of interest, members of the Nomination Committee shall not comprise of the Board or Supervisory Committee members.
- 24.5 The report of the Nomination Committee shall be handed over to the Board of Directors for verification.
- 24.6 Provided always that the Board with the approval of the General Meeting is at liberty to consider outsourcing of the electoral process as and when the need arises.

25. DUTIES AND POWERS OF THE BOARD

25.1 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 Act, Regulations, co-operative Act and Rules 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 (2) 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 fifteen (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.

- aa) Decide the amount and kind of indemnity bond, or other security, which shall be required of the Manager and any other officer or employee having custody of, or handling funds or property of the Society.
- bb) Draft or cause to be drafted the internal regulations which shall include all matters which have not been taken care of or provided for in the Co-operative Societies Act. Rules, the Regulations and these by-laws which call for specific enactments to ensure smooth functioning of the Society.

26. EXPENDITURE

- 26.1 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.

27. LEGAL STANDARD OF CARE

- 27.1 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.

28. DELEGATION TO EMPLOYEES

- 28.1 The Board may delegate to the Chief Executive Officer of the Sacco society such duties as it deems fit.
- 28.2 Nothing in By-law 26.1 above shall absolve the Board from its responsibility of running the affairs of the Sacco society in a proper and businesslike manner.

29. INDEMNITY

- 29.1 Pursuant to Section 27(b) of the Co-operative Societies Act, every Board Member 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 fourteen (14) days upon election to the Board.

30. DECLARATION OF WEALTH

- 30.1 Every board member shall within thirty (30) days of being elected declare wealth to the Commissioner in the prescribed manner.

31. SUSPENSION OF A BOARD MEMBER

- 31.1 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.
- 31.2 The majority of the Board Members may suspend a Board Member and accordingly inform the Authority subject to ratification by the general meeting for:
- a) Violation of the provisions of the Co-operative Societies Act or Rules and/or these By-laws.
 - b) Failure to disclose vested interests.
 - c) Any other good or sufficient cause.
- 31.3 No person may be suspended under this By-law until the person has been informed in writing of the reason for his or her proposed suspension and has been given the opportunity to appear before the Board of Directors.

32. REMOVAL OF A BOARD MEMBER FROM OFFICE

- 32.1 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.
 - e) Ceases to be a member of the Society.
 - f) Is transferred or relocates out of the Nairobi region.
 - g) Is voted out by (3/4) three quarters majority of delegates present and voting at a General Meeting.

- h) Ceases to hold qualifications of a Board as specified in the Act, Regulations and these By-laws.
- i) Fails to attend three (3) consecutive meetings without acceptable reasons.
- j) Becomes ineligible for any other reason(s).

33. BOARD CHAIRMAN AND VICE CHAIRMAN

33.1 The Board chairman shall:

- a) Preside at general meetings, board meetings and joint meetings with the Supervisory Committee.
- b) Prepare or cause to be prepared the agenda of Society's meetings in consultation with Board members.
- c) Ensure that all resolutions and directives of the Annual General Meeting and those of the Board are carried out in accordance with provisions of the Act, the Rules and these By-laws.
- d) Direct the affairs of the Society.
- e) Perform such other duties as may be directed by the Board, not inconsistent with provisions of the Act, the Regulations applicable laws and these by-laws.

33.2 No person shall serve as a Chairman for more than two (2) consecutive terms and no person who has held office for two (2) consecutive terms shall be eligible as Chairman for a period of three (3) years from the date of vacation of office.

33.3 The Chairman shall not serve as a member of the Audit and Risk committee of the Board.

33.4 The Vice Chairman shall perform the duties of the Chairman during his/her absence and such other duties as the Board may direct.

34. SECRETARY

The duties of the Secretary are to:

34.1 Cause minutes of the General Meetings, board meetings, and joint meetings with the Supervisory Committee to be recorded.

- 34.2 Ensure that notices of the meetings are prepared and sent out.
- 34.3 Ensure that the Sacco society's correspondence is promptly and correctly attended to.
- 34.4 Perform such other duties as may be directed by the Board.

35. TREASURER

The Treasurer shall have a financial management background. The powers and duties of the Treasurer shall be:

- 35.1 Generally, manage, or cause to be managed the financial affairs of the Society in a competent and efficient manner.
- 35.2 To maintain full and complete records of all assets, liabilities, income and expenses of the Society.
- 35.3 To ensure the safe-keeping of the Society's money, securities and books of account.
- 35.4 To ensure that all payments and expenditures are duly authorized.
- 35.5 To ensure compliance with all directives of the Board and Commissioner.
- 35.6 Shall chair the Finance and Administration committee of the Board.

36. 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 and provided that the Board shall remain responsible for the affairs of the Society.
- c) These Board committees shall convene as directed by the Board.

- d) The Board may appoint committees of the Board such as Finance and Administration Committee, Credit Committee, Education and Business Development Committee. Audit and Risk Committee and any other committee it may deem necessary. The naming of the committees shall be determined by the scope and nature of business of the Society.
- e) The Board committees may request for assistance of other members of the Board where necessary for purposes of transacting a particular business where the co-opted members' expertise is necessary.
- f) The Chief Executive Officer, and in his absence, the acting Chief Executive Officer, shall sit in all Board and Board Committees meetings together with other management staff as may be appointed to facilitate effective deliberations.
- g) In discharging its obligation, the Board committees may rely on the honesty and integrity of the Society's senior executives, its outside advisors and auditors, to the fullest extent permitted by the law.
- h) The Board committees shall exercise their business judgment to act in what they reasonably believe to be the best interests of the Society and its members.
- i) The Board 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.

37. FINANCE AND ADMINISTRATION COMMITTEE

- 37.1 The Finance and Administrative Committee shall consist of three (3) members from the Board including the Treasurer who shall serve as its Chairman.
- 37.2 The Committee shall be elected at a meeting of the Board within 7 days after Annual General Meeting.
- 37.3 The Committee shall as far as possible and subject to there being sufficient business for it to transact, meet not less frequently than once a month.
- 37.4 Its duties shall be to:

- i. Review and make recommendations to the board on the financial plans of the Sacco society ensuring its adequacy and soundness in providing for the Sacco Society current operations and long-term stability.
- ii. Review, discuss and make recommendations to the board concerning significant financial planning, management and reporting issues of the Sacco society.
- iii. Review periodic financial statements of the Sacco society before submission to the board.
- iv. Consider and advise the Board on investments and borrowings.
- v. Make recommendations to the Board on capital expenditure projects.
- vi. Ensure all expenditure of the Sacco society are within the approved budgets.
- vii. Monitor the management's adherence to the procurement plans approved by the Board.
- viii. Review and make recommendation on finance related policies including investments, capital adequacy and financial performance monitoring.
- ix. Ensure the Sacco society has liquidity management policies as prescribed in the Regulations.
- x. Review loan interest rates and other levies proposed by the management and make recommendations to the board for approval.
- xi. Review and make recommendations on appropriate Human Resource Policies.
- xii. Review the organizational structure of the Sacco Society and ensure its manned by staff with relevant skills and experience.
- xiii. Ensure that periodic reviews of staff performance are conducted.
- xiv. Examine and recommend Human Resource expenditure for approval by the board.

- xv. Ensure establishment of management succession plan in the Sacco society.
- xvi. Ensure the management adheres to the approved human resource and related policies.

38. EDUCATION AND BUSINESS DEVELOPMENT COMMITTEE

- 38.1 The Education Committee shall consist of three members (3) appointed from the Board. The Vice Chairman shall be its Chairman.
- 38.2 The Education and Business Development Committee shall be elected at a meeting of the Board within seven (7) days of the Annual General Meeting.
- 38.3 The Education and Business Development Committee shall as far as possible and subject to there being sufficient business for it to transact, meet not less frequently than once every quarter.
- 38.4 The Education and Business Development Committee shall be responsible for education, marketing, training and information in the society.
- 38.5 Its duties among others shall be to:
 - i. Review and recommend education programmes for members, board members, and the general public for approval by the Board.
 - ii. Monitor implementation of educational programs formulated to ensure that the members and the board are well trained and prepared for the tasks they are entrusted with.
 - iii. Organize, promote and oversee staff training.
 - iv. Ensure production and acquisition of literature including periodical magazines, or brochures.
 - v. Promote distribution, and interpretation of these by-laws to members.
 - vi. Arrange for educational tours in liaison with other members of the Board.

- vii. Advise the Board and update members on all matters of education and information.
- viii. Ensure allocation of funds for educational purposes and apply the funds for the benefit of the Society.
- ix. Prepare periodic reports on educational and information and publicize same for the benefit of members.
- x. Identify, collect, disseminate and publish Co-operative news for the benefit of the Society.
- xi. Perform any other duties as may be assigned by the Board.

39. AUDIT AND RISK COMMITTEE

- 39.1 The Audit and Risk committee shall consist of not more than three (3) members appointed from the Board, one of whom shall be conversant with financial and accounting matters. The Chairman of the Board shall not be a member of the Audit committee.
- 39.2 The Committee shall be elected at a meeting of the Board within 7 days after Annual General Meeting. The Committee shall elect a chairman from amongst its members.
- 39.3 The Committee shall as far as possible and subject to there being sufficient business for it to transact, meet not less frequently than once every quarter.
- 39.4 The primary responsibility of the Audit committee shall be as prescribed in the Regulations which include:
 - i. Ensuring establishment and review of the internal control system.
 - ii. Review performance and findings of the internal auditor and recommend remedial actions regularly and at least once in every three months.
 - iii. Recommending three names of external auditors and the remuneration to the board.
 - iv. Reviewing coordination between internal and external audit functions as well as monitor external auditor's independence and objectivity.
 - v. Investigate members' complaints.

- vi. Report to the board on their findings and recommendations.

40. CREDIT COMMITTEE

- 40.1 The credit committee shall consist of three (3) members of the Board whose chairman shall be the board Vice Chairman.
- 40.2 The Credit Committee shall be elected at a meeting of the Board within seven (7) days after Annual General Meeting.
- 40.3 The Credit Committee shall as far as possible and subject to there being sufficient business for it to transact, meet not less frequently than once a month.
- 40.4 The Credit Committee shall inquire carefully into the character and financial conditions of each applicant for a loan and that of his guarantors (if any) to ascertain his ability to repay fully and promptly the obligations incurred by him and be determined whether the loan is for a worthy purpose and will be of probable benefit to the borrower.
- 40.5 The Committee shall endeavor to assist members to solve their financial problems.
- 40.6 Its duties among others shall be to:
 - i. Ensure establishment and review of appropriate credit policy consistent with the relevant provisions of the Regulations and these by-laws.
 - ii. Ensure that the problem loan accounts are adequately identified and classified as prescribed in the Regulations.
 - iii. Ensure adequate provisions for potential loss is maintained.
 - iv. Review periodic credit and loan portfolio reports of the Sacco society before submission to the board.

41. SUPERVISORY COMMITTEE

- 41.1 The Sacco society shall have a supervisory committee consisting of three (3) members each elected at the General Meeting for a period of three (3) years and one member of the supervisory committee shall retire annually.

- 41.2 No person who has been a member of the Board within two (2) years preceding the date of the anticipated election shall be eligible for membership of the supervisory committee.
- 41.3 The Committee shall be elected from amongst the delegates of Nairobi County branches for the effective operations of the Society affairs.
- 41.4 The Committee shall as far as possible and subject to there being sufficient business for it to transact, meet not less frequently than once a month.
- 41.5 The Committee shall:
- i. Have qualifications similar to those of members of the Board.
 - ii. Be required to be conversant with financial and accounting matters.
 - iii. Be removed by a resolution of the General Meeting.
- 41.6 The supervisory committee shall hold quarterly meetings save for joint meetings between its members and those of the Board.

42. DUTIES OF THE SUPERVISORY COMMITTEE

- 42.1 The duties of the Supervisory Committee shall include:
- i. Counterchecking, the effectiveness of the Society's internal control systems through:
 - a) Verification of all transactions of the Sacco society.
 - b) Writing Submission of its reports to the Commissioner.
 - c) Submission of its reports to the Commissioner.
 - d) Presenting its reports to General Meeting.
 - ii. Evaluate programs of the Sacco Society.
 - iii. Ensure the proper interpretation of loan policies, by-laws, Co-operative Societies Act and Rules. General Meeting Resolutions, policies of the Board, and their implementation.
 - iv. Confirm cash regularly and reconcile it with the records.

- v. Check bank accounts monthly and their reconciliations.
 - vi. Check balance sheets and income and expenses statements to ensure they are correct.
 - vii. Make members statement audits.
 - viii. Check loan applications and note the exceptions (if any).
 - ix. Verify investments in banks, buildings, insurance firms, and stocks amongst others.
 - x. Check delinquent loans among the Board and Society members and ensure that the concerned are informed.
 - xi. Analyze expenses of the Society in relation to the budget.
 - xii. Check dividends/interest on share/savings and loan interest payment.
 - xiii. Ensure that the standardized accounting system is implemented in the Society.
 - xiv. Listen to members complaints and assist them to find a solution.
 - xv. Prepare and present reports to the Board and the Commissioner quarterly and to the General Meeting annually.
 - xvi. Co-operate and seek assistance from Sacco CEO and Internal Auditor where necessary.
 - xvii. Co-operate with other Committees and Board where necessary.
 - xviii. Verify the statements of accounts of members to be compared with the records of the Society and confirmed to the members' accounts from time to time and not less frequently than once every year. The Board shall maintain a record of all such verifications.
 - xix. Perform other duties as may be consistent with the expected roles of a Supervisory Committee.
- 42.2 The Supervisory Committee shall not perform the duties or exercise any of the powers of the Board.

- 42.3 The Supervisory Committee shall be held liable for any loss incurred due to their negligence in performing their duties.
- 42.4 The Supervisory Committee shall serve as the appeal committee to hear appeals from suspended members.

43. LIABILITY OF SUPERVISORY COMMITTEE

- 43.1 In spite of its total independence from the Sacco society administrators, the Supervisory Committee members are jointly and severally liable for the non-performance of duties, whether resulting from the lack of supervision or negligence in noticing illegal and fraudulent acts.

PART V - SACCO SOCIETY CHIEF EXECUTIVE OFFICER

44. THE CHIEF EXECUTIVE OFFICER

- 44.1 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:
- i. the implementation of and adherence to the policies, procedures and standards.
 - ii. systems that have been established to facilitate efficient operations and communication are followed.
 - iii. the planning process that has been developed to facilitate achievement of targets and objective is adhered to.
 - iv. all staff matters, particularly human resource development and training are attended to.
 - v. adherence to the established code of conduct.
 - vi. Compliance with the Act, Regulations, Co-operative Act, Rules these by laws and any other applicable laws.

44.2 The Chief Executive Officer shall ensure that the Board is frequently and adequately apprised 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;
- vii. all insider lending and non-performing insider loans if any;
- viii. violation of the Act, these regulations and any other applicable law, and remedial actions taken to comply;
- ix. large risk exposures;
- x. investment portfolio.

44.3 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.

PART VI - MEMBERSHIP

45. MEMBERSHIP

The following persons, institutions or groups shall be eligible for membership of the Society:

- i. Original members, who signed the application for registration, provided that they comply with these by-laws.
- ii. Employees of G 4 S Security Services (K) Limited.
- iii. Employees of Tandu Alarms (K) Limited.
- iv. Employees of related firms and organizations that may be approved by the General Meeting.
- v. Employees of Nyati Sacco.
- vi. Former members who have withdrawn all their deposits and have not yet transferred their shares to another member.
- vii. Organized/registered Community Groups / Small and Micro Entrepreneurs that may be approved by the General Meeting.
- viii. Business entrepreneurs and institutions approved by the General Meeting.
- ix. A person who is resident within or occupies land within the Society's area of operation.
- x. A nominee of a member of the Society.
- xi. Any other person employed by an organization registered in Kenya capable of making regular contribution to the Society and fulfill loan repayment requirements.
- xii. All eligible persons shall become members in accordance with the Membership Policy.

46. QUALIFICATION FOR MEMBERSHIP

- 46.1 A person who possesses the following qualifications shall be eligible for membership: -
- (i) Is within the field of membership consisting within the common bond as per By-law 51.
 - (ii) Has attained the age of 18 years, if a natural person.
 - (iii) Is of good character and sound mind
 - (iv) Pays the entrance fee and share capital as prescribed in these by-laws.
 - (v) Has accepted the objectives of the Society, the obligations of membership and other conditions as stated in these By-laws.
- 46.2 Provided that no member shall belong to more than one Sacco society serving similar purpose or same objectives as those contained in these By-laws.

47. APPLICATION FOR MEMBERSHIP

- 47.1 Every applicant for membership shall complete an "Application for Membership" form. This form shall be drawn to show all the information required for the purpose of registration of a member.

48. ADMISSION INTO MEMBERSHIP

- 48.1 An applicant shall be admitted to membership on being accepted by a simple majority vote of the Board but shall not qualify for the rights and privileges of membership until they have paid an entrance fee as may be prescribed in the Membership Policy and paid in full the minimum prescribed shares.
- 48.2 A member is also required to submit two (2) certified passport size photos and a copy of the National Identity card or any other authenticated identity. The complete form, when filed in serial format, shall constitute the register of members as required under the Act.
- 48.3 Upon admission the member's name shall be entered in the membership register and a membership number issued.

48.4 Members shall be admitted by the Board subject to confirmation by the next General Meeting.

48.5 The member shall pay for a copy of the Society's By-laws at its actual cost to the Society.

49. REFUSAL OF ADMISSION

49.1 The Board may refuse admission to a person after assigning reasons for their decision in writing. Such a person, if otherwise eligible for membership, shall have the right to appeal to the next General Meeting through a registered delegate. Any such appeal must be supported by two-third of the members attending the meeting. The decision of the General meeting on the matter shall be final.

50. RIGHTS OF MEMBERS.

50.1 A member of the Sacco society shall have the right to: -

- (i) Attend and participate in decision making at all general meetings of the Sacco society and vote;
- (ii) Be elected to organs of the Sacco society, subject to these by-laws;
- (iii) Enjoy the use of all the facilities and services of the Sacco society subject to the Sacco society's by-laws;
- (iv) All legitimate information relating to the Sacco society, including, internal regulations, registers, Minutes of general meetings and supervisory committee's reports, annual accounts and inventories at the Sacco society's registered office subject to the policy and regulations for the time being in force.
- (v) 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.
- (vi) Elect or be elected to the organs of Society subject to its by-laws.
- (vii) Vote on all matters put before a General Meeting of the Society.
- (viii) Propose initiatives to the Board for consideration.

- (ix) To be heard by the Board when charged with an offence under these By-laws.
- (x) Enjoy all other rights prescribed by the Act and Rules thereof and the By-law of the Society.

51. OBLIGATIONS OF MEMBERS

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

- (i) Observe and comply with all the Sacco society's by-laws and decisions taken by the relevant organs of the Sacco society;
- (ii) Buy and pay up for shares or make any other regular payments provided for in these By-laws;
- (iii) 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.
- (iv) Make use of the services of the Sacco as stated in the objects of the Sacco.
- (v) Comply with these by-laws, the Co-operative Societies Act, Rules and General Meeting Resolutions.
- (vi) Be faithful and honest in all their dealings with the Society.
- (vii) Observe the code of conduct and ethics for Co-operative Societies as and in particular desist from any corrupt practices in all dealings with the Society.
- (viii) Refrain from engaging in the business of money lending that may be in competition with the Society.
- (ix) Protect the image of the Society and avoid negative acts which may injure the reputation of the Society.
- (x) Pay debt obligations to the Society without fail.
- (xi) Save regularly with the Society to mobilize loan able funds.
- (xii) Attend and participate in Member education forums.

51.2 FINES

- 51.2.1 For any breach of these by-laws or lawful instructions issued by the Board and General Meeting, or failure to honour his obligations on time, the member may be fined an amount not exceeding Kshs. 20,000.00 or the offence notwithstanding any other action that may be taken against him in accordance with the Act, Rules, these by-laws or any other law.
- 51.2.2 The Board shall have powers to hear and determine matters relating to any alleged violation of by-laws by a member.
- 51.2.3 Any member aggrieved by the decision of the Board may appeal to the General Meeting whose decision shall be final provided this provision should not prejudice a member right to refer the matter to the tribunal, if the issue constitutes a dispute.

52. MEMBER'S PERSONAL STATEMENT

- 52.1 Every member shall receive a "Members statement" at least once every six (6) months, which shall contain particulars of membership, shares, deposits and loan transactions with the Sacco society.
- 52.2 The latest member's statement signed by an authorized officer shall constitute a certificate of shareholding unless provided otherwise.

53. TERMINATION OF MEMBERSHIP

- 53.1 Membership in the Sacco society shall cease with effect from the date of:
- (i) Death
 - (ii) Withdrawal of deposits voluntary
 - (iii) Expulsion
 - (iv) Being certified insane.
 - (v) Transferring all shares to another member.
 - (vi) Failure to remit regular savings and loan repayments for a continuous period of six (6) months without valid reasons or leave of the Sacco society
 - (vii) Ceasing to hold qualification for membership as specified in these by-laws.
 - (viii) Being declared bankrupt by a court of law.

54. SUSPENSION AND EXPULSION OF MEMBERS

54.1 The board may suspend a member, subject to the decision of the general meeting to expel, who

- (i) fails to fulfill his/her obligations to the Sacco society whether stated in these by-laws, general internal regulations, a resolution of the general meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed,
- (ii) Is convicted in a court of law for a criminal offence involving dishonesty or fraud or is, imprisoned for a period of three months or more,
- (iii) Is a member of another Sacco society serving similar purpose?
- (iv) Acts in any manner prejudicial to the interests of the Sacco society.
- (v) Willfully defaults in the repayment of loans.
- (vi) Fails to save regularly.
- (vii) For any other reason approved by the General Meeting and /or as may be contained in the Society's code of ethics.

54.2 Provided that, no member shall remain in suspension for a period of more than twelve (12) months.

55. PROCEDURE OF SUSPENSION AND EXPULSION

55.1 Upon formal and written proof that a member has committed a violation punishable by expulsion, the Board shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defense.

55.2 Upon the expiry of the thirty (30) 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 fifteen (15) days. The Board may: -

- a) Suspend the member pending expulsion by the General Meeting; or

b) Impose any other punishment as provided for in the applicable law.

- 55.3 The suspended member may appeal to the supervisory committee if not satisfied with the decision of the Board
- 55.4 Where a suspended member does not prefer an appeal to the supervisory committee, the Board shall present the case to the next General meeting which may either lift the suspension or expel the member.
- 55.5 The Supervisory Committee shall present their findings to the next General meeting which may either lift the suspension or expel the member.
- 55.6 A member who is expelled from the Sacco society shall have the right to appeal to the tribunal.

56. WITHDRAWAL FROM SACCO SOCIETY

- 56.1 A member may at any time withdraw from the Sacco society by giving at least sixty (60) days written notice to the Board during which time the Society shall settle the member's accounts and refund the member's deposit and savings if they have no outstanding liability with the Society.
- 56.2 Partial withdrawal of non-withdrawable deposits from the Sacco society shall not be allowed under any circumstance.
- 56.3 Members with no liability or outstanding obligations on their accounts and no outstanding collaterals or guarantees for other member's loans may withdraw from membership at any time, without losing vested rights.
- 56.4 In spite of losing their status as members, individuals who have withdrawn from membership but still have outstanding loan balances or outstanding guarantees for other members' loans shall continue being responsible for their respective obligations unless alternative arrangement, acceptable to the Society is made.

57. PAYMENT ON CESSATION OF MEMBERSHIP

- 57.1 Withdrawal, expulsion, or termination of membership will not exonerate a member from any existing personal or membership liability.

57.2 On cessation of membership, a person shall be paid the following less any outstanding obligations owned by him to the Sacco society as borrower, endorser and guarantor or otherwise: -

- (i) The deposits (both withdrawable and non-withdrawable).
- (ii) Any dividends and interests due prior to the cessation date.
- (iii) Any other funds other than shares held by the Sacco society on his/her behalf.

58. NOMINEE

58.1 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. The nomination shall be attested to by at least two witnesses who are members of the Sacco society.

58.2 The names of such nominee(s) shall be entered in the nominee register. Such particulars of the nominee(s) shall be recorded and kept in a sealed envelope to be safely kept in the custody of the CEO and whose reference particulars shall be entered in the register of members

58.3 Provided that a member shall have the right to change his/her nominee(s) in writing in the presence of at least two attesting witnesses who are members of the Sacco society.

58.4 Where more than one nominee is appointed, the member shall specify the number of shares to be transferred to each nominee. Provided however, that where no amount is specified each of the nominees shall receive an equal share

58.5 In the absence of a valid nominee, dues shall be paid through a personal representative or a public trustee.

59. PAYMENT TO NOMINEE

59.1 The Sacco society after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee, or in his/her

absence the legally appointed personal representative the value of the deceased member's deposits, interest and dividend after deducting monies owed to the Sacco society, if any. Such payments shall be made in accordance with the risk management policy or any approved insurance program in force.

- 59.2 Any member nominating a minor shall appoint an administrator of the benefits due to the nominee.
- 59.3 The payment to nominee(s) shall be subject to the laws of the land.
- 59.4 After paying the nominee(s) the value of the deceased member's deposits, savings or interest, less any sums due to the society, the Society's obligations to the said nominee's(s) shall be discharged.

60. ADMISSION OF NOMINEE

- 60.1 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.

PART VII-FUNDS OF THE SACCO SOCIETY

61. FUNDS OF THE SOCIETY

- 61.1 The funds of the Sacco Society shall consist of:

61.1.1 Core Capital

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

61.1.2 Income

- (i) Interest, fees and charges, penalties, and commissions
- (ii) Entrance fee
- (iii) Any donations grant or gifts from other bodies, organizations or individuals
- (iv) Funds obtained from other lawful miscellaneous sources
- (v) **Liabilities**, which include deposits from members and borrowings from other sources as may be prescribed by the Authority.

61.2 Capital Adequacy

The Sacco Society shall at all times maintain: -

- (i) Core Capital of not less than 10 million 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

61.3 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 as determined or approved by the General Meeting of the members, 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
- (vi) Any other use that is incidental to the smooth running of the society business and operations.

61.4 Investments under 23.3 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.

61.5 Reserve Fund

61.5.1 Subject to the provisions of the Co-operative Societies Act and approval of the Board, the Society shall set aside to the Reserve Fund a minimum of one-fifth of its net surplus resulting from the operations during the financial year.

61.5.2 The Reserve Fund of the Society shall be invested or deposited in the manner provided for in the Co-operative Societies Act.

61.5.3 Liquidity Reserve

Except as otherwise authorized by the General Meeting a cash reserve shall be maintained of not less than 10% of the total share capital for the specific purpose of meeting requests for share withdrawals and other emergency payouts. The cash reserve may consist of the following but not limited to: cash in hand, current account, savings account, fixed deposits and treasury bills.

62. DISTRIBUTION OF SURPLUS FUNDS

62.1 Subject to the Act, Regulations and approval by the General Meeting, the net surplus resulting from operations of the Sacco society during any financial year may be disposed off follows:

- a) Credited to the Reserve Fund.
- b) Disposed of as decided by the General Meeting for.
- c) Paying dividends on shares
- d) Being forwarded to Education Fund or any other fund or funds of the Sacco society including the appropriations.
- e) Applying a specified amount to any charitable purpose as may be recommended by the General meeting and the Board of Directors;
- f) Paying honorarium to Board members and bonus to staff.
- g) In any other way recommended by the Board and approved by the General Meeting.

62.2 The payment of dividends and interest on deposits shall be governed by the Society's Dividends Policy; and

62.3 Payment of interest on deposits shall be based on the terms and conditions provided in the Society's Savings Policy.

63. POWER TO BORROW

63.1 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.

63.2 For the securing of any loans accepted by the Sacco Society under 27(1) the Sacco society may grant a charge over its assets. The authority to grant a charge shall be reserved to the General Meeting.

63.3 The rate of interest on loans shall not exceed the current market rate.

64. BUDGET AND INVESTMENTS

64.1 The Society's expenditures shall be within the budgetary allocations and limits approved by the General Meeting.

64.2 The Society shall have a written Investment Policy consistent with the relevant provisions of the Co-operative Societies Act, the Sacco Societies Act, Regulations and any other applicable laws.

64.3 The broad guidelines provided in the Investment Policy shall be presented to the General Meeting for approval.

65. RECEIPTING OF MONEY

65.1 Money received on account of shares, deposits, Loans, interest's fees or fines shall be recorded and evidenced as provided in the approved policies and procedures manuals.

66. PAYMENT AND DISBURSEMENT

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

PART VIII-SHARE CAPITAL AND DEPOSITS

67. SHARES DEPOSITS AND SAVINGS

67.1 SHARES

67.1.1 Every member shall hold at least one (1) share 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.

- 67.1.2 Shares shall not be available for lending nor shall they be pledged as security for a loan granted by the Society.
- 67.1.3 Shares are not refundable but transferable to another member when the shareholder leaves membership of the Society.
- 67.1.4 Shares shall form part of the core capital of the society as stipulated by the Sacco Societies Act No. 14 of 2008.

67.2 DEPOSITS

- 67.2.1 Members will be required to contribute monthly towards their deposit accounts in the Back-Office Savings Activity (BOSA) in line with the Society's credit policy.
- 67.2.2 Non- withdraw able deposits in the BOSA shall be available for lending and may be pledged as security for loans granted by the Society.
- 67.2.3 Deposits are refundable only to members in accordance to By-laws 18 and 19 herein.

67.3 SAVINGS

- 67.3.1 Members who open Front Office Savings Activity (FOSA) will be required to operate Savings Accounts in line with the society's FOSA policy.
- 67.3.2 Savings in the FOSA are withdrawn able on demand. The Savings shall be available for lending and may be pledged as security for loans granted by the Society.
- 67.3.3 FOSA Savings are refundable to members in accordance to By-laws 18 and 19 herein.

67.4 RETURN ON MEMBERS SHARES. DEPOSITS AND SAVINGS

67.4.1 DIVIDEND ON SHARES

- 67.4.1.1 Members' shares may earn dividends on share paid out of the net surplus resulting from operations of the Sacco society in line with the

Society's dividend policy. Dividends shall be calculated to members in the Member register at the end of the financial year.

67.4.1.2 The rate of dividend per share shall be proposed by the Board for approval by the General Meeting.

67.4.2 INTEREST ON DEPOSITS

67.4.2.1 Members' non-withdraw able deposits in the BOSA shall earn an interest in line with the Society's dividend policy at a rate dictated by external market forces or internal funding needs. Interest on deposits shall be calculated to members in the member register at the end of the financial year.

67.4.2.2 The rate of interest shall be proposed by the Board for approval by the General Meeting.

67.4.3 INTEREST ON SAVINGS

67.4.3.1 Members' withdraw able savings in the FOSA shall earn an interest in line with the Society's FOSA policy. Interest on savings shall be calculated as prescribed in the terms and conditions of each savings plan.

67.4.3.2 The rate of interest shall be proposed by the CEO for approval by the Board.

68. TRANSFER OF SHARES.

68.1 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.

68.2 All transfers of shares shall be registered with the Sacco society and no transfer shall be valid unless so registered. A fee as approved by the Board shall be payable by the transferee for each such transfer.

69. LIABILITY OF MEMBERS

- 69.1 The liability of a member shall be limited to the nominal value of the shares held by him.
- 69.2 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 number of shares held by each.
- 69.3 In addition to by-law 27.2 above members shall be compensated by the Deposit Guarantee Fund as provided in the Regulations.

PART IX-ACCOUNTS AND RECORDS

70. BOOKS AND RECORDS

- 70.1. 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.

70.2 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.

71. AUDIT

71.1 The Annual General Meeting shall select and approve an auditor from the names presented to it by the Board.

71.2 The Board shall ensure that the auditors presented to the Annual General Meeting are selected from a list of auditors approved by the Authority.

72. FINANCIAL YEAR

72.1 The financial year of the Sacco society shall be from 1st January to 31st December.

PART X -REGULATION, POLICIES AND PROCEDURES

73. REGULATIONS

73.1 The Board may make such regulations not inconsistent with these by-laws, as they may deem necessary for the conduct of the Society's business.

- 73.2 Any such regulations 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.

74. POLICIES AND PROCEDURES

- 74.1 The Board shall make and approve such policies and procedures that is and not limited to the following:

- i. Membership Policy
- ii. Credit Policy
- iii. Investment Policy
- iv. Dividends Policy
- v. Saving Policy
- vi. Risk Management Policy

- 74.2 Other policies and procedures as prescribed in the Regulations will be developed 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.

- 74.3 The Board shall regularly review policies and procedures for savings, credit and other services to ensure that they are always in conformity with the Sacco Societies Act, Regulations, Rules and financial regulations and the interest of the members.

PART XI - CODE OF CONDUCT AND CONFLICT OF INTEREST

75. CODE OF CONDUCT

- 75.1 The officers of the Sacco society shall comply with governance rules as prescribed by the Ethics Commission for Cooperatives.
- 75.2 The Sacco society shall formulate a code of conduct in accordance with third schedule of the regulations which shall be approved by the Authority.

76. CONFLICT OF INTEREST

- 76.1 Every Board member and employee of the Sacco Society shall be required, before taking part in any business transaction which the Sacco Society may be about to

discuss or initiate to disclose any personal interest in the matter and shall not take part in any discussion or vote upon that item of business.

- 76.2 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.
- 76.3 Failure to divulge this information shall result in removal from office or termination of employment.
- 76.4 The remaining Board members present at the meeting if constituting a quorum with the disqualified person, may exercise with respect to the matter, all the powers of the Committee.

PART XII - SIGNATORIES FOR THE SOCIETY

77. AUTHORIZATION TO SIGN DOCUMENTS

- 77.1 Unless decided otherwise by the Board all documents, contracts and cheques shall be signed on behalf of the Society by:
 - i. Chairman or Vice chairman
 - ii. Treasurer
 - iii. Secretary
 - iv. Chief Executive Officer
 - v. Any other staff or board member assigned by the Board.
- 77.2 The internal regulations shall detail which signatories above are authorized for particular documents or transactions.
- 77.3 Unless otherwise stated, the documents of the Sacco Society shall be deemed official provided they carry the official seal and designated signatures referred to above.
- 77.4 The books, accounts and all other documents of the SACCO shall be permanently at the disposal of the Board. Supervisory Committee or any other authorized person or organization,

78. COMMON SEAL

- 78.1 The Sacco society shall adopt and use a common seal. The seal shall have an imprint bearing the words “seal of Nyati Savings and Credit Cooperative Society Limited” which shall be different from the ordinary name-stamp of the Sacco society.
- i. 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.
 - ii. Where the common seal is used in any document it shall be authenticated by the signature of the board chairman and the chief executive officer or any other officer authorized by the board of the Sacco society.

PART XIII - DISPUTES

79. DISPUTES

- 79.1 If any dispute concerning the business of the Sacco society arises:
- i. Among members, past members and persons claiming through members, past members and deceased members; or
 - ii. Between members, past members or deceased members, and the Sacco society, its committee or any officer of the Sacco society; or
 - iii. Between the Sacco society and any other co-operative society; or
 - iv. Between the Sacco society and the Authority.
- 79.2 Which cannot be determined by the Board (or General Meeting), it shall be referred to the Tribunal. Appeals shall be taken to the High Court.

PART XIV - MISCELLANEOUS

80. MISCELLANEOUS

- 80.1 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 an honorarium from the net surplus as allowed in these by-laws.
- 80.2 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.
- 80.3 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.
- 80.4 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.

81. INSPECTION OF DOCUMENTS

- 81.1 All books of accounts and other records shall at all times be available for inspection by the Authority, the Board, the Supervisory Committee and the members.
- 81.2 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.
- 81.3 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.

82. DISSOLUTION

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

83. AMENDMENT OF BY-LAWS

83.1 These by-laws shall be amended in accordance with the Cooperative Act and the Rules, the Act and Regulations but no amendment shall become effective until it is approved and registered by the Commissioner.

84. ACCEPTANCE

We the undersigned Executive Officers of the Co-operative Society named herein do hereby accept and adopt these by-laws for and on behalf of Nyati Savings and Credit Co-operative Society Limited together with any changes or alterations that have been initiated or signed by us.

DESIGNATION	NAME	SIGNATURE	DATE
CHAIRMAN	CHARLES MBUVI		25/05/2019
Vice-chairman	FEDHA ITHINJI		25/05/2019
Secretary	NICHOLAS KYULE		25/05/2019
Treasurer	EDWARD BUHASHO		25/05/2019
Chief Executive officer	JULIUS BETT		25/05/2019

Certified that the foregoing by laws of the Nyati Savings and Credit Co-operative Society Limited have been approved by me duly registered

GIVEN UNDER MY HAND AT NAIROBI THIS DAY OF 2018

.....
COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT