



**apstar
sacco**
T W E N D E P A M O J A

BY-LAWS

OF

**APSTAR DT SAVINGS & CREDIT CO-OPERATIVE SOCIETY
LIMITED**

CS No. 2026

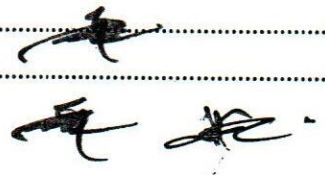
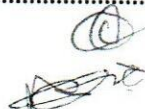
5TH FEBRUARY 2024

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1. NAME

The SACCO Society shall be called: -

Apstar DT Savings & Credit Co-operative Society Limited hereinafter referred to in the By-Laws as "the SACCO Society".

2. AREA OF OPERATION

2.1 The area of operation shall be within the Republic of Kenya or any other place allowed by Kenyan law.

3. REGISTERED OFFICE/ POSTAL ADDRESS

3.1 The registered office of the SACCO Society shall be at **UKULIMA CO-OPERATIVE HOUSE, LR NO. 209/5003 – HAILE SELLASIE AVENUE**, Nairobi.

POSTAL ADDRESS

The Postal Address shall be:

P.O. Box 44071 – 00100 Nairobi, Kenya.

WEBSITE ADDRESS

The Website address shall be: -

<https://www.apstarsacco.coop>

E-MAIL ADDRESS

The email address shall be: -

info@apstar.coop

3.2 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 30 days of such change.

4. 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.

5. INTERPRETATIONS AND DEFINITIONS

5.1 In these by-laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with:

- a) the SACCO Societies Act, 2008 and Regulations herein after referred to as the "Act" and "Regulations" respectively,
- b) 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.

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

5.3 Questions concerning words and phrases in these by-laws

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

In these By-Laws save as otherwise expressly stated:

- (i) **Audit and Risk Committee** - Committee of the Board established as per the Regulations.
- (ii) **"Authority"** shall mean the SACCO Societies Regulatory Authority.
- (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) **"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 Delegate Meeting to govern the business of the SACCO Society as per these By-Laws hereinafter referred to as the "Board".
- (vi) **"Commissioner"** shall mean "the Commissioner for Cooperatives Development as provided for in the Co-operative Act".
- (vii) **"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.
- (viii) **"Dividend"** shall mean members share of the surplus of the SACCO Society which is divided amongst its members based on shareholding.
- (ix) **"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.
- (x) **"DT"** - means Deposit Taking Sacco and has a meaning assigned in the Sacco Societies Act
- (xi) **"Deposit-taking business"** has the meaning assigned to it in the Sacco Societies Act;
- (xii) **"Delegate"** is a representative elected by the members to represent a branch or an electoral zone
- (xiii) **"Delegate Meeting"** shall be a meeting (either "annual" or "special") for all delegates duly



- convened by the SACCO Society to conduct its business.
- (xiv) **“Hybrid Meeting”** means a meeting where some of participants are in the same physical location while other participants join the meeting through electronic means including video conference, audio conference, web conference, or such other electronic method.
 - (xv) **“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.
 - (xvi) **“Returning Officer”** is a person appointed to oversee or conduct the elections of a co-operative Society at a Delegate meeting.
 - (xvii) **“SACCO Society”** means a savings and credit co-operative Society registered under the Co-operative Act and licensed under the SACCO Societies Act, 2008.
 - (xviii) **“Share Capital”** shall mean members' equity in the form of issued and fully paid up shares of common stock.
 - (xix) **“Supervisory Committee”** means the Supervisory Committee of the Sacco Society elected in accordance with the provisions of the Co-operatives Societies Act, Co-operative Societies Rules, SACCO Society Act, Regulations 2020, and these By- Laws, or in accordance with the provisions of any other applicable law.
 - (xx) **“Tribunal”** shall mean the Co-operative Tribunal established under the Co-operative Act to hear and determine disputes.
 - (xxi) **“Officer”** means a Director or Supervisory Committee, staff 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 delegate management thereof.

5.4 QUESTIONS CONCERNING WORDS AND PHRASES IN THESE BY-LAWS

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.


6. OBJECTS OF THE SACCO SOCIETY

6.1 GENERAL OBJECT

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.

6.2 SPECIFIC OBJECTS

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 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.
- (iv) 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 and the Apex Society.

6.3 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 Delegate meeting.

7. 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.

7.1 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.
- (vi) **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.
- (vii) **Concern for community in Delegate**
The Society shall show concern to the community in which it exists and operates.



7.2 VALUES

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

8. COLLABORATION, PARTNERSHIPS AND SUBSIDIARIES

8.1 The SACCO 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.

8.2 Notwithstanding the provisions of paragraph 8(b) and (c) and in order to form subsidiaries, the Board of Directors shall seek the approval of the Delegates Meeting.

8.3 Subject to Sub-section (8. 2), the Society may invest in any other identifiable means by forming subsidiaries wholly owned or controlled by the Society.

9. MEMBERSHIP COMPOSITION

9.1 Membership shall consist of:-

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

10. QUALIFICATION FOR MEMBERSHIP

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

- (a) Is within the field of membership consisting of the following common bond;
 - Public sector employees
 - Private sector employees with an employer undertaking with the society
 - Business persons
 - Kenyans in the diaspora
 - Any other member/s as approved in an Annual Delegates Meeting
- (b) Is eighteen (18) years of age, if a natural person.
- (c) Is not directly involved in money lending, provided that this provision shall not apply to legitimately registered entities formed for that purpose.
- (d) Is not carrying out such activities detrimental to the objectives of the Society.
- (e) Is of good character and sound mind.
- (f) Has income from employment, business or trade or any other legitimate source.
- (g) Has accepted the objectives of the Society, the obligations of members and other conditions as stated in these By-Laws and Membership Policy.
- (h) Is an employee of the Society.
- (i) Is a member of the immediate family of an existing member.

10.2 Provided that no member shall belong to more than one SACCO Society serving similar purpose.

11. APPLICATION FOR MEMBERSHIP

- 11.1 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.

12. ADMISSION INTO MEMBERSHIP

- 12.1 An applicant admitted into membership of the Society, shall not qualify for the rights and privileges of membership until he or she has paid the prescribed entrance fee and such minimum shares and deposits as may be provided for in the Membership Policy.
- 12.2 Upon admission the member's name shall be entered in the membership register and a membership number issued.
- 12.3 Upon admission into the membership of the SACCO Society, a member shall be entitled to receive a copy of these By-Laws in an appropriate electronic format through the member's disclosed electronic address; provided that upon request in writing a member shall be supplied with a physical or hard copy of the By-Laws upon payment of a fee not exceeding its actual cost.

13. REFUSAL OF ADMISSION

- 13.1 The Board of Directors may refuse admission of a person after assigning reasons for their decision. Such a person, if not satisfied, shall have the right to appeal to the next Delegates Meeting through an elected delegate. Any such appeal must be supported by at least 50 delegates upon payment of a fee or as prescribed in the Membership Policy. The decision of the Delegates meeting on the matter shall be final.

14. RIGHTS OF MEMBERS.

- 14.1 A member of the SACCO Society shall have the right to: -
- (a) Attend, participate and vote at branch meetings of The SACCO Society. Each member shall have one vote irrespective of the member's shareholding.
 - (b) To elect and to be elected as a delegate of the Society, subject to these by-laws.
 - (c) Enjoy the use of all the facilities and services of the Society subject to the Society's by-laws.
 - (d) Inspect any legitimate information relating to the Society, including, internal regulations, registers, Minutes of delegates meetings and Supervisory committees' reports, annual accounts and inventories at the Society's registered office.
 - (e) Patronize the SACCO Society services according to the policies and procedures approved by the Board.
 - (f) Propose initiatives to the Board for consideration. All other rights as prescribed by the Act and Rules.

15. LIMITATION OF MEMBER'S RIGHTS

- 15.1 The SACCO Society may limit a member's right -

- (a) To be elected to a position of leadership in the SACCO Society in case of the member's failure to remit any regular savings and loan repayments for a period of three months without valid 

reasons;

- (b) To access any or all of the financial services or products offered by the SACCO Society, if directed to do so by the Authority or pursuant to any written law.

16. OBLIGATIONS OF MEMBERS

16.1 A member of the SACCO Society shall have the obligation to: -

- a) Be faithful and honest in all their dealings with the Society.
- b) Repay loans promptly and regularly.
- c) Save Regularly.
- d) Observe and comply with all the Society's by-laws and decisions taken by the relevant organs of the Society.
- e) Ensure that only fit and proper members are elected to the Board of Directors and the Supervisory Committee
- f) Protect the image of the Society and avoid negative acts which may injure the reputation of the Society.
- g) Save regularly with the Society to mobilize loanable funds.
- h) Refrain from engaging in the business of money lending in competition with the Society and money laundering activities;
- i) Observe the code of conduct and ethics for Co-operative Societies as established under the Public Officer Ethics Act or any other applicable law and in particular desist from any corrupt practices in all dealings with the Society.
- j) Bring out problems affecting the SACCO Society and assist in solving them.
- k) Attend branch meeting and take part in decision making.
- l) Buy and pay up for shares or make any other regular payments provided for in these By-laws.
- m) Support projects of the Society approved by the relevant authority.
- n) Comply with the Society By-Laws and respect decisions taken by the Society in accordance with these By-Laws.
- o) Meet the debts of the Society in case of insolvency in accordance with the provisions of the Act and these By-Laws.

17. FINES

- a) A member who willfully acts in violation of Clause 14 above or any other clause(s) in these by-laws, policies or regulations made thereunder, shall be liable to a fine not exceeding Kenya shillings twenty thousand (Kshs. 20,000/-) for the violation.
- b) The Board of Directors of the Society shall have powers to hear and determine matters relating to any alleged violation of these By-laws.

18. MEMBER'S REGISTER AND PERSONAL STATEMENT

- 18.1 The SACCO Society shall maintain an account for each of its members through which shall contain particulars of membership, shares, deposits, Benevolent and loan transactions with the SACCO Society.
- 18.2 The SACCO Society shall at all times maintain a members' register in an electronic format or any other easily retrievable format.
- 18.3 Every member shall receive regular statements at least once every six months.

18.4 Upon admission into the membership of the SACCO Society, a member shall be entitled to receive a copy of these By-Laws in an appropriate electronic format through the member's disclosed electronic address; provided that upon request in writing a member shall be supplied with a physical or hard copy of the By-Laws upon payment of a fee not exceeding its actual cost.

19. LIMITATION OF MEMBER'S RIGHT

19.1 The SACCO Society may limit a member's right –

- a) To be elected to a position of leadership in the SACCO Society in case of the member's failure to remit any regular savings and loan repayments for a period of three months without valid reasons or leave of the SACCO Society; or
- b) To access any or all of the financial services or products offered by the SACCO Society, if directed to do so by the Authority or pursuant to any written law.

20. SUSPENSION AND EXPULSION

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

- (a) fails to fulfill his/her obligations to the SACCO Society whether stated in these by-laws, Delegate internal regulations, a resolution of the Delegate meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed.
- (b) 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.
- (c) Is a member of another SACCO Society serving similar purpose.
- (d) Acts in any manner prejudicial to the interests of the SACCO Society.

20.2 Provided that, no member shall remain in suspension for a period of more than 12 months.

21. PROCEDURE OF SUSPENSION AND EXPULSION

21.1 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.

21.2 Upon the expiry of the 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 15 days. The Board may:

21.3 Suspend the member pending expulsion by the Delegate Meeting or;

21.4 Impose any other punishment as may be in this By Law or as may be directed by the Delegate meeting from time to time.

21.5 A suspended member may appeal to the Delegates Meeting, if not satisfied with the decision of the Board of Directors, within thirty (30) days of receipt of the decision of the Board of Directors but to be deliberated by the next ADM.

21.6 A member who is expelled from the SACCO Society shall have the right to appeal to the tribunal. 

22. TERMINATION OF MEMBERSHIP

22.1 Membership in the SACCO Society shall cease with effect from the date of:

- (a) Death.
- (b) Withdrawal.
- (c) Expulsion.
- (d) Being certified insane by a qualified medical practitioner;
- (e) being declared bankrupt by a court of law;
- (f) committing fraud or acts of dishonesty;
- (g) Transferring all shares to another member.
- (h) Failure to remit regular savings and loan repayments for a continuous period of six months without valid reasons or leave of the SACCO Society.
- (i) Ceasing to hold qualification for membership as specified in these by-laws

23. WITHDRAWAL FROM SACCO SOCIETY

- a) A member may at any time withdraw from the SACCO Society by giving at least sixty (60) days written notice to the Society
- b) Members with no liability or outstanding obligations on their accounts and no outstanding collaterals or guarantees for other Member's loan may withdraw from membership at any time, provided that where a member has an outstanding obligation in respect of guarantee he shall continue to be responsible unless alternative arrangements acceptable to the Society are made.
- c) Partial Withdrawal of Deposits; - Eligibility shall be considered if a member has attained compulsory retirement age or has retired from service.
- d) A member who is eligible shall apply in writing to the Board for partial payment of his deposits.
- e) No shares will be paid on withdrawal.
- f) Any member having deposits in excess of liabilities may offset such liabilities from the deposits.

24. PAYMENT ON CESSATION OF MEMBERSHIP

- a) On cessation of membership, a person shall be paid the following less any outstanding obligations;
- b) The deposits (both withdrawable and non-withdrawable).
- c) Any dividends and interests due prior to the cessation date.
- d) Any other funds other than shares held by the SACCO Society on his/her behalf.

25. MEMBER'S NOMINEE

25.1 Every member shall nominate in writing one or more persons to whom upon death, members deposits or any other interest in the Society shall be transferred in accordance with the Co-operative Societies Act. The nomination shall be attested to by two witnesses.

25.2 The names of such nominee(s) shall be entered in the nominee register.

25.3 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.

26. 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.

27. 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.

28. FUNDS OF THE SACCO SOCIETY

28.1 The funds of the SACCO Society shall consist of:

Core Capital

- (a) Paid up members' shares.
- (b) Retained Earnings.
- (c) Disclosed Reserves.
- (d) Grants and Donations.

Income

- (a) Interest, fees and charges, penalties, and commissions.
- (b) Entrance fee.
- (c) Any donations, grants or gifts from other bodies, organizations or individuals.
- (d) Funds obtained from other lawful miscellaneous sources.
- (e) Liabilities, which include deposits from members and borrowings from other sources as may be approved by the relevant authorities.
- (f) Funds obtained from lawful miscellaneous sources.

28.2 Capital Adequacy

The SACCO Society shall at all times maintain: -

- (a) Core Capital of not less than 10million shillings.
- (b) Core capital of not less than 10% of total assets.
- (c) Core capital of not less than 8% of total deposits.
- (d) Institutional capital of not less than 8% of total assets.

28.3 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 shall be invested in:

- (a) Securities issued or guaranteed by the government or any agency of the government.
- (b) Deposits obligations or other accounts of deposit taking institutions under the banking Act.
- (c) Shares, stocks, deposits in, loans to or other obligations to any SACCO Society or Co-operative Society.
- (d) Loans to members.
- (e) Properties and Equipment for purposes of SACCO business.

28.4 Investments under 25.3 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.



29. SHARES

- a) Every member shall hold at least 1500 shares of Kshs.20 each or as shall be determined by a Delegate 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 purchase of shares, provided, however that the Annual Delegate Meeting may fix a minimum that may be paid in by a member at any one time.
- c) Shares that have been paid into the SACCO Society are considered part of the "core capital" and are not withdrawable unless the SACCO Society is liquidated. Member's shares cannot be utilized as a guarantee to obtain a loan or credit facility from the SACCO Society. The SACCO Society does have first charge against deposits and share capital and any dividend and interest payable to a member for any debt due to the SACCO Society from the member either as a guarantor or endorser of a loan or a credit facility or for any other obligation. Shares in the SACCO Society will be carried in the disclosure part of the financial statement in the Capital area. (SACCO Act 2008, article 42 (a)).
- d) The shareholding of a member who fails to complete payment of the required minimum shares within two years of his admission to membership, or of a member who reduces his share balance below the set minimum and does not increase the balance to the required minimum within two years of reduction may be subjected to a fine upon authorization of the Board of Directors.
- e) Before such fine is levied, such member shall be sent a written notice to his last known address which shall provide that, unless his share balance is increased to minimum shares, or his shareholding are withdrawn within 30 days of the date of the notice his balance shall be absorbed by a fine provided however that notice need not be sent to a member whose balance is less than Kshs.500/=.

30. SHARES TO ATTRACT DIVIDENDS

30.1 The SACCO Society may –

- a) pay dividends on the shares held by its members based on financial performance for the year; subject to compliance with the regulatory requirements prescribed in the SACCO Societies Act and the Regulations 2010 and approval of the Delegate Meeting; and
- b) the shares of the SACCO Society held by any member shall attract dividends whenever declared in favor of the member:
- c) so long as such member's share capital remains in the SACCO Society; and notwithstanding that such member may have withdrawn from membership of the SACCO Society and the member's no withdrawable deposits refunded.

31. TRANSFER OF SHARES

- a) With the approval of the Board of Directors a member may at any time transfer his shares to another member. Such transfer must be in writing and at a nominal value.
- b) All transfer of shares must be registered with the Chief Executive Officer, and no transfer shall be valid unless so registered. A fee of Kshs.500 or as may be determined by the Board shall be paid to the Society by the transferor.

32. SAVINGS

- 32.1 No member may withdraw savings below the amount of their primary or contingent liability to the SACCO Society if they are delinquent as a borrower, or if borrowers for whom they are co-maker, endorser, or guarantor are delinquent, without the written approval of the credit committee or loan officer. (SACCO Act 2008, or any other applicable law.
- 32.2 The SACCO Society shall have a first charge against deposits and upon any dividend or interest payable to a member for any debt due to the Society from the member, either as a guarantor of a loan/credit facility or any other obligation from the Society.
- 32.3 The SACCO Society may refuse to allow withdrawals from any deposit account operated by the member where the member is in arrears on a debt owed to the SACCO Society. (SACCO Act 2008, article 36 (2)).
- 32.4 The treatment of members' dormant accounts shall be in such manner as may be prescribed by the Regulatory Authority. (SACCO Act 2008, or any other applicable law.
- 32.5 A member shall have the right at any time give the office 60 days written notice of intention to withdraw deposits in whole.

33. DEPOSITS

- 33.1 Non-withdrawable deposit accounts shall be operated in accordance with the SACCO Society's By-Laws and the amount accumulated in the account may be used as loan collateral.
- 33.2 Where a SACCO Society operates non-withdrawable deposit accounts, every member shall contribute on a monthly basis or at such prescribed periods and in such amounts as may be determined by the SACCO Society.
- 33.3 A SACCO Society may refund the amount saved in his non-withdrawable deposit account within sixty days after receiving a written notification from the member.
- 33.4 Non-withdrawable deposits shall attract interest at a rate to be determined by the SACCO Society as dictated by external market forces and internal funding needs.

34. LIABILITY

- 34.1 The liability of a member shall be limited to the nominal value of the shares held by him.
- 34.2 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.
- 34.3 In addition to (34.2) above members shall be compensated by the Deposit Guarantee Fund as provided in the Regulations.

35. POWER TO BORROW

- 35.1 Loans may be obtained from non-members subject to the maximum amount and terms approved by the Delegate Meeting with approval of the Commissioner for Co-operatives Development provided that the total external borrowing by the SACCO Society does not exceed the limit prescribed in the Regulations.
- 35.2 For the securing of any loans accepted by the SACCO Society under 35.1, the SACCO Society may grant a charge over its assets. The authority to grant a charge shall be reserved to the Delegate Meeting and the Commissioner for Co-operatives Development.
- 35.3 The rate of interest on loans shall not exceed the current market rate.



36. RECEIPTING OF MONEY

- 36.1 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.

37. PAYMENT AND DISBURSEMENT

- 37.1 Payments made by the SACCO Society shall be recorded and evidenced as provided for in the approved policy and procedure manual.

38. PHYSICAL /HYBRID DELEGATE MEETING

- 38.1 The SACCO Society may hold its Delegate Meeting physically or both physically and virtually (Hybrid), in exceptional circumstances as may be determined by the Board of Directors considering any prevailing socio-economic, political, health or environmental circumstances limiting physical interactions.
- 38.2 Where the Board of Directors opts to hold hybrid or/and physical Delegate Meeting, then the Board of Directors of the SACCO Society shall;
- take measures to ensure that the Delegate Meeting is constituted, held and conducted strictly in compliance with any circulars or guidelines or directives which may be issued by the Commissioner and/or the Authority from time to time, or any written law; and
 - the members of the Board of Directors, the Chief Executive officer, and the Commissioner or representative shall be present within the SACCO Society's registered offices for purposes of the Delegate Meeting.

39. ELECTORAL ZONE AND BRANCHES

- The SACCO Society shall have as many electoral zones and branches as may be approved by the Board of Directors from time to time in accordance with the Electoral policy and Branch Policy.
- The members of each electoral zone and branches shall be represented by such number of delegates as provided for in these By-Laws and elected in accordance with the Electoral Policy and Branch Policy.
- Electoral zones and branches shall offer all services as may be offered by the headquarters and in line with the SACCO Society's operational policies and procedures.
- Every member shall belong to one electoral zone or branch, provided that a member may be served at the head office or any branch office in line with the Society policies.
- The functions of Electoral zone representatives and branch officials shall be as provided in the Board and Governance Charter.

40. REQUIREMENTS FOR ELECTION AS A DELEGATE

To qualify for election as a delegate, one must be a natural person and must meet the following minimum conditions:

- Minimums deposits of KSh.500, 000/= and Minimum share capital of Kshs 50,000/=
- Shall have been a member for at least 3 (three) years
- Shall be FOSA account holder and must have been processing their salary or monthly income through FOSA,

- for at least one year before the date of elections.
- (d) Shall be a contributor of Benevolent Fund and fully contribute the prescribed amount.
 - (e) Shall be of good standing character.
 - (f) Shall be faithful and loyal to the SACCO Society.
 - (g) Shall not be an employee of the SACCO Society.

41. FUNCTIONS OF THE BRANCH OFFICIALS


- 41.1 Branch officials shall be the sole representatives of a Branch to the Annual or Special Delegate Meetings and each delegate shall have one vote on all matters before the Annual or Special Delegate Meeting.
- 41.2 Branch officials shall be elected and serve for a period of three years and shall be eligible for re-election after expiry of the three years.
- 41.3 The duties and responsibilities of Branch official shall include: -
- (a) Representing members of a branch at the Annual Delegates Meeting.
 - (b) Recruit new members.
 - (c) Organizing, Disseminating and educating members on Society policies, rules and procedures.
 - (d) Organizing Society functions at the branch level.
 - (e) Promoting positive image of the SACCO Society at the Branch.
 - (f) Ensuring that the Act, Rules and the By-Laws are strictly observed in the branch.
 - (g) Marketing and Promotion of the SACCO Society's products and services.
 - (h) Liaising with the SACCO Society headquarters.
 - (i) Act as a liaison between the SACCO Society and different employer organizations.
 - (j) Recommendations of members Loans application.
 - (k) Delegate administration of the branch.
 - (l) Other duties and responsibilities as may be directed by the Board from time to time.

Any branch official who fails, without any apology to attend three consecutive Branch Meetings shall be disqualified and the branch members shall elect another member to replace the disqualified official.

42. BRANCH AND ZONAL MEETINGS

- 42.1 Branch and Zonal Members Meetings shall take place annually and shall consist of members of the Branch/zone only.
- 42.2 Branch and Zonal Meetings shall be presided by Branch/Zonal Chairman or any elected representative in the absence of the Branch/zonal Chairman.
- 42.3 The Branch Secretary shall take minutes but in his/her absence where there are two delegates one of them shall take minutes.
- 42.4 Branch/zonal officials shall meet at least 12 (twelve) times in a year but not less than once in three months.

43. ANNUAL DELEGATE MEETING

- 43.1 The supreme authority of the SACCO Society shall be vested in the Annual Delegate Meeting.
- 43.2 An Annual Delegate Meeting shall be convened within four months after the end of the SACCO Society's financial year.
- 43.3 A special Delegate meeting of the SACCO Society may be held when convened by the: - 

a) i) Board of Directors;

ii) The Commissioner for Co-operatives Development;

- b) By the Board of Directors within 15 days of receipt of a written request by at least 100 delegates or 1/3 of the delegates whichever is less 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; or
- c) By the Delegates in (b) above, if the Board fails to convene a meeting within fifteen days of receiving notice under the Co-operative Societies Act. The Delegates shall give notice to the other Delegates of the SACCO Society, stating the object and reasons for the meeting and the fact that the Board has failed to convene the meeting.

43.4 Any business not completed at the annual Delegate Meeting, may be taken up at a subsequent Special Delegate Meeting of the SACCO Society.

44. NOTICE OF MEETINGS

- 44.1 Except as noted above, at least 15 (fifteen) clear days written notice shall be given to the delegates in the case of an Annual Delegates' Meeting or a Special Delegates' Meeting. The Honorary Secretary shall take a possible and usual steps, such as announcements at public meetings or posting a notice on the Society' notice Board at its registered office or, an advertisement in the local newspaper(s) or newsheet, or any other media to inform all delegates of the date, venue and main business of the meeting. All written notices shall include a statement of the business to be dealt with.
- 44.2 The notice of the Special Delegates' Meeting shall clearly specify all the issues to be discussed. The Special Delegates Meeting shall deal exclusively with the issues for which it was convened.
- 44.3 An Annual Delegates Meeting or a Special Delegates Meeting, convened solely for this purpose, shall have exclusive power to amend the SACCO Society's By-laws.
- 44.4 All meetings of members and delegates may be conducted either physically or virtually and or on hybrid basis (both physical attendance and virtual participation) and in accordance with the Policy & Procedure on the conduct of Society's Virtual and or Hybrid Meeting approved by the Board of Directors.

45. BINDING RULE

- 45.1 All the provisions in these By-laws, decisions made by the Delegates Meeting, shall be binding to all members both present and absent to the same extent as if it was voted for by each and every member by himself/herself.

46. VOTES ON MOTIONS AT DELEGATES MEETINGS

- 46.1 The motion to revoke a specific decision taken by the Board or to remove a Board member from office must be approved by a vote of 2/3 majority.
- 46.2 Amendments of these By-Laws shall be approved by simple majority of the Members present at the Delegates Meeting.
- 46.3 Any other motion shall be approved by simple majority of vote.



47. QUORUM

- 47.1 Except when convened by the Commissioner, the presence of at least 120 or (one third) of the total delegates constitute a quorum for the conduct of the business at Delegates Meeting. When a quorum is not attained, the Chairman shall adjourn the meeting and fix a date within one (1) month of the adjourned meeting which shall be adequately advertised and publicized.
- 47.2 If in such a meeting a quorum is again not attained, the Chairman shall declare the meeting open with those present, one-half hours after the advertised time of the meeting.

48. IDENTIFICATION OF DELEGATES

- 48.1 Before they may attend or vote at a Delegates Meeting, each delegate shall be required to produce a pass card, latest pay slip or some evidence of current membership or identify himself/herself in a satisfactory manner.

49. CHAIRMAN AT MEETING

- 49.1 The Chairman or in his/her absence the Vice-chairman shall preside at every Delegates Meeting. In their absence, the other Board members shall agree who shall preside the meeting.


50. DUTIES OF THE DELEGATE MEETINGS

- 50.1 The Delegates 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 Delegates Meeting.
 - (b) Consider reports of committees, the Commissioner or his/her representative and the audited accounts on the 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) Elect or remove members of the Board of Directors and the Supervisory Committee, subject to the Act, Regulations and these by-laws.
 - (e) Fix the indemnity for the elected Board of Directors and Supervisory Committee members.
 - (f) Consider recommendations on expulsion of members and refusal of membership by the Board.
 - (g) Fix the maximum liability which the Society may incur in loans and deposits from members and non-members.
 - (h) Approve the estimates of income and expenditure for the financial year following the Delegates Meeting.
 - (i) Approve the honoraria for Board members, Supervisory Committee, delegates and bonus for employees of the Society, if any.
 - (j) Appoint auditors of the Society for the ensuing year.
 - (k) Approve affiliation to National Co-operative Organization for SACCO societies and the Apex Society. Transact any other business of the Society for which notice has been given to delegates in the manner prescribed in these by-laws.

51.RECORD OF BUSINESS

- 51.1 All business discussed or decided at the Delegate 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 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.
- 51.2 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.

52.ELIGIBILITY FOR MEMBERSHIP TO THE BOARD

- 52.1 Must be a member and an elected delegate of the Society from Nairobi Area as per the Delegates schedule of the current year.
- 52.2 Shall have minimum deposits of Kshs.1,500,000/= and a Share Capital of Kshs 100,000/=
- 52.3 Shall have served as a delegate for at least 2 (two) terms.
- 52.4 Shall meet the fit and proper test requirements as per SASRA Regulations.
- 52.5 Shall fulfill the requirements of Chapter 6 of the Kenyan Constitution on leadership and integrity.
- 52.6 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 Delegate Meeting.
 - (b) has been adversely named by the Commissioner or his/her representative in an inquiry report endorsed by an Annual or Special Delegate 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 inspection 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) Is delinquent on loans with the SACCO for more than 60 days within 2 years prior to elections.
 - (g) shall not have attained a minimum of "O" Level Certificate of Education or equivalent.
 - (h) Is undis-charged bankrupt.
 - (i) Is under 18 years of age.
 - (j) Is of unsound mind.
 - (k) Is a Board member of another existing SACCO Society licensed under the Act.
 - (l) Is an official of or holds a political office at any level.
 - (m) Does not conform to minimum qualification standards in accordance to the applicable law.
 - (n) Has been removed from public office on disciplinary action.
 - (o) Has not duly executed the Fit and Proper Test form as provided in the Regulations. 

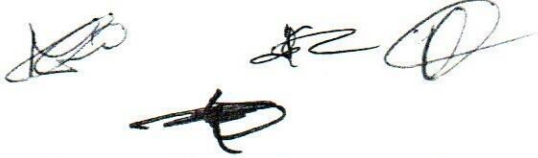


53. ELECTIONS OF THE BOARD AND SUPERVISORY COMMITTEE

- 53.1 The Board shall notify the delegates of the vacancies arising in both the Board and the Supervisory Committee.
- 53.2 There shall be a Nominating Committee constituted as per the SACCO Electoral Policy formulated by the Board. The role of the nominating committee shall be to vet or determine the suitability of delegates aspiring for directorship in line with the Act, Society's bylaws and the regulatory authority.
- 53.3 The Nominating Committee shall comprise of five (5) members; at least one member will be from a professional body, Chief Executive Officer, an Officer from the Ministry responsible for Co-operative and the internal auditor. The committee may be expanded as may be determined by the Board of Directors.
- 53.4 Candidates must be Delegates in good standing. They must submit their names to the nominating committee within 21 days prior to elections to enable the Nominating Committee to ascertain their suitability.
- 53.5 During elections, the Returning officer shall present duly nominated candidates for the vacant positions. Each candidate must have a proposer and a seconder.
- 53.6 All elections shall be determined by simple majority vote of the delegates present and shall be by secret ballot or show of hands or any other method specifically requested by a majority of the delegates present except where there is only one nominee for the office. If there is a tie vote, the election shall be repeated.
- 53.7 Irrespective of the number of shares and amount of deposits held by him/her, no delegate shall have more than one vote.
- 53.8 Within 10 days after their election, the names and address of all persons elected to office shall be compiled and kept by the Chief Executive Officer of the Society.
- 53.9 After the elections, the Board of Directors shall pick the ballot to determine the rotational basis. In the first instance the Chairman and Vice-Chairman shall serve a term of three years but be eligible for re-election. Other members of the Board of Directors shall pick the ballot to determine three members who shall serve for one year, three members to serve for two years and one member to serve for three years but shall be eligible for re-election.
53. 10 Within fourteen (14) days of the elections, the Honorary Secretary shall forward to the Commissioner the names and addresses of all persons elected.
53. 11A new Board member or Supervisory Committee member elected at the Delegates Meeting shall not assume office unless they have satisfied the requirements of the Act, Rules and these By-Laws as to the indemnity and ethics.
53. 12 The Board shall be elected from amongst the Delegates of Nairobi Area for the effective operations of the Society affairs.

54. THE BOARD

- 54.1 The Board shall be elected from amongst the Delegates of Nairobi area Branches for the effective operations of the Society affairs.
- 54.2 The Board of Directors shall be the governing body of the SACCO Society elected from the delegates and shall consist of a minimum of nine members who are non-executive.
- 54.3 The Board shall be the policy making body and shall be elected by and from the Delegates and shall consist of nine members. All Board members shall be above 18 years of age. 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.

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- 54.4 The Board members shall be elected during the Annual Delegates Meeting for a term of three (3) years, with one third (1/3) retiring annually on rotation and shall be eligible for re-election.
- 54.5 Where the membership of the Board falls below five, the Board shall co-opt qualified delegate(s) into the Board until the next Delegates Meeting.

55. BOARD MEETINGS

- 55.1 Meetings for the Board shall be held at least once each month and at other times as necessary. At least five members of the Board shall form a quorum for the disposal of business. 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 will be declared vacant and filled as provided for in these by-laws.


56. 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.

57. DUTIES AND POWERS OF THE BOARD

The Board of the SACCO Society shall subject to any directions from the Delegate Meeting 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 Delegate Meeting;
- e) Formulate the Electoral Policy to guide in the nomination and election process.
- f) Establish 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 Delegate meeting.
- i) Lay before the Delegate Meeting audited accounts, together with proposals for the disposal of net surplus, if any.

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- j) Recommend to the Delegates 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 Delegate 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 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 Delegate 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 Delegate 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.



58. EXPENDITURE

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

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 Delegate Meeting.

60. 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 59 above shall absolve the Board from its responsibility of running the affairs of the SACCO Society in a proper and business like manner.
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61. INDEMNITY

61.1 All Board Members shall each provide an indemnity of an amount approved by the Delegate 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.

62. DECLARATION OF WEALTH

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

63. 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 Delegate meeting for.
- c) Failure to disclose vested interests.
- d) Any other good cause.

64. REMOVAL OF A BOARD MEMBER FROM OFFICE

64.1 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 Delegate Meeting.
- (d) Is removed by the Commissioner under the provisions of co-operative Act and the Rules.

65. THE BOARD CHAIRMAN

- a) The Chairman shall preside at meetings of the delegates and at meetings of the Board.
- 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 ADM 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.

66. THE VICE CHAIRMAN

- a) The vice chairman shall perform the duties of the Chairman during his/her absence and such other duties as the Board may direct.
- b) He shall perform such other duties as he may be directed by the Board.
- c) Chairman of the Credit Committee.
- d) And any other duties that may be assigned by the Board.

67. HONORARY SECRETARY

The duties of the Honorary Secretary are to:

- a) Cause minutes of the Delegate Meetings, Board meetings, and joint meetings with the Supervisory Committee to be recorded.
- b) Ensure that notices of the meetings are prepared and sent out.

- c) Ensure that the SACCO Society's correspondence is promptly and correctly attended to.
- (d). Perform such other duties as may be directed by the Board.

68. THE NATIONAL TREASURER

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

- a) To guide the financial affairs of the society in a competent manner.
- b) To ensure that proper record is kept of all monies received and paid out by the society, its assets, liabilities, capital reserve and its income and expenses.
- 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.
- d) (e). To ensure compliance with all financial directives of the Board and the Commissioner not inconsistent with the provision of the Act, Rules and these By-laws.

69. 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 bear/ take responsibility.

70. FINANCE, INVESTMENTS & ICT COMMITTEE

The Finance, Investments and ICT Committee shall consist of three members from the Board. Its duties shall be to;

70.1 FINANCE & INVESTMENTS TASKS

- a) Review and make recommendation on finance and investment related policies;
- b) Review and monitor the SACCO's performance in relation to Compressive Income statement, financial position statement, Cash flow statement;
- c) Review periodic financial performance of the SACCO and recommend financial strategies to improve the performance;
- d) Prepare on timely basis the Society's financial plans such as annual operating budget, Capital budget, supplementary budget and cash flow budget and recommend to the Board for Approval
- e) Institute budgetary control measures of monitoring the Society's operational efficiency by ensuring all the Society's expenditure are within the approved budgets.
- f) Develop and establish investment policy for the SACCO which outlines the investment goals and Strategies.
- g) Ensure allocation of enough financial resources to the Investments of the SACCO.
- h) Oversee the Implementation of Investment Strategies.
- i) Review and Monitor SACCO's Investments performance and report to the Board any recommendations.

- j) Receive investment proposals, consider their financial viability and associated risks and make recommendation in form of advice to the Board.
- k) Assess and make recommend to the Board the valuation of the Society's Assets as the need may be.
- l) Review the Society's economic report by comparing the actuals verses budgets and provide explanations to the variance.
- m) To cause the maintenance and update of the Society's Asset Register and ensure all the Assets are tagged or coded in line with the Assets Management Procedure.
- n) Develop and recommend a contingent plan for Liquidity Management as stipulate in the Act.
- o) To Recommend to the Board, Liquidity management proposals for internal and external sources of Funds.
- p) Monitor Liquidity needs and make recommendations on Society's expenditure on cash outflows.

70.2 ICT TASKS

Strategic Alignment: Ensuring that the Society's ICT strategy aligns with its overall business strategy and objectives, and that technology initiatives support the Society's mission and long-term goals.

Risk Management: Overseeing and managing ICT-related risks, including cybersecurity threats, data breaches, technology failures, and ensuring that the Society has robust measures in place to protect sensitive financial data and maintain operational resilience.

Regulatory Compliance: Ensuring that the Society's ICT practices and systems comply with relevant financial regulations, data protection laws, and industry standards, such as those set forth by financial and regulatory authorities.

Cybersecurity Oversight: Providing oversight of the Society's cybersecurity posture, including assessing and recommending cybersecurity strategies, policies, and investments to protect against cyber threats and ensure the security of customer and financial data.

Technology Investment and Innovation: Reviewing and recommending major technology investments, digital transformation initiatives, and innovation projects to enhance operational efficiency, customer experience, and competitive positioning in the market.

Business Continuity and Disaster Recovery: Ensuring that the Society has robust business continuity and disaster recovery plans for its ICT systems to maintain operations in the event of disruptions, such as natural disasters, cyber-attacks, or system failures.

IT Governance and Controls: Establishing and overseeing ICT governance frameworks, controls, and policies to ensure that the Society's ICT systems and processes are managed effectively and in accordance with best practices.

Performance Monitoring and Reporting: Monitoring the performance of the Society's ICT systems, infrastructure, and projects, and ensuring that appropriate reporting mechanisms are in place to provide transparency to the board and executive management.

71 AUDIT & RISK COMMITTEE

The audit and Risk committee shall consist of not more than three 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. The primary responsibility of the Audit committee shall be as prescribed in the Regulations which includes:

71.1 AUDIT TASKS

- a) Ensuring that internal controls are established and effectively maintained to achieve a SACCO's financial reporting objectives.
- b) Reviewing internal controls including the scope of the internal audit program, the internal audit findings, and recommend action to be taken by management;
- c) Reviewing internal audit reports and their overall effectiveness, the scope and depth of audit coverage, reports on internal controls and any recommendations and confirm that appropriate action has been taken;
- d) Ensuring that accounting records and financial reports are promptly prepared to accurately reflect operations and result;
- e) Reviewing co-ordination between the internal and external audit functions as well as monitor the external auditor's independence and objectivity taking into consideration relevant professional and regulatory requirements;
- f) Nominating names of external auditors from a list gazette by Sasra for appointment by the Annual Delegates Meeting;
- g) Reviewing with external auditors the scope of their annual audit plan, systems of internal audit reported, assistance given by management to the auditors and any findings and actions taken, and recommend the auditor's remuneration to the Board;
- h) Reviewing management reports and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls;
- i) Reviewing the SACCO Society's internal audit plan, with specific reference to the procedures for identifying regulatory risks and controlling the impacts on the SACCO Society, including receiving correspondence from the Authority and management's responses;
- j) Monitoring the ethical conduct of the SACCO Society and consider the development of ethical standards and requirements, including effectiveness of procedures for handling and reporting complaints;
- k) Reviewing any related party transactions that may arise within the SACCO Society;
- l) Ensuring that relevant plans, policies, and control procedures are established and properly administered;
- m) Ensuring that policies and control procedures are sufficient to safeguard against error, carelessness, conflict of interest, self-dealing and fraud;
- n) Investigating members' complaints;
- o) Keeping minutes of their work;
- p) Considering any concerns that is deemed significance at the Annual Delegate meeting.

71.2 RISK MANAGEMENT TASKS

- a) The committee shall review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed.
- b) To set out the nature, role, responsibility and authority of the risk management function with the SACCO and outline the scope of risk management work.
- c) The committee shall monitor external developments connected to accountability of the SACCO and the reporting of associated risk, including emerging and prospective impact and in doing so will consider concerns raised by management in the Audit Committee and also issues relating to asset liability management, SACCO finances and business and strategic risk.

- d) The committee, in carrying out its task under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- e) The risk management function shall have access to any information it needs to fulfill its responsibilities.

72 CREDIT, BANKING AND BUSINESS DEVELOPMENT COMMITTEE

The credit, Banking and Business Development Committee shall consist of at least three members of the Board whose chairman shall be the Board vice chairman, its duties among others shall be to: -

72.1 CREDIT ROLES

- a) Ensuring establishment, regular review and oversight of appropriate credit policies consistent with the relevant provisions of the Regulations and these By-laws.
- b) Overseeing the lending operations of the Society through regular review of lending and portfolio reports including periodic sampling of processed loan applications to satisfy itself that management is adhering to the lending policies of the SACCO.
- c) Deliberating and considering loan applications beyond the discretionary limits of the Management Lending Committee.
- d) Ensuring that there are effective procedures and resources to identify and manage problem credits, minimize credit loss and maximize recoveries;
- e) Ensuring that the problem loan accounts are adequately identified and classified as prescribed by the relevant laws and regulations.
- f) Ensuring that the Society maintains adequate provisions for potential losses related to credit operations.
- g) Reviewing loan interest rates and other levies proposed by the management and making relevant recommendations to the Board for approval consideration.

72.2 BANKING ROLES

- a) Ensuring establishment, regular review and oversight of appropriate policies with respect to banking operations and E-channels to remain consistent with the relevant Regulations and these By-laws.
- b) Overseeing the banking operations of the Society through regular review of progress reports on banking services.
- c) Ensuring that there are effective resources and procedures to adequately manage the Society's banking operations.
- d) Reviewing all the tariffs and other levies related to banking operations including E-channels to ensure the Society remains competitive.

72.3 BUSINESS DEVELOPMENT ROLES

- a) Identifying the opportunities for growth and expansion of the Society through research and analysis. 

- b) Developing new products and services and reviewing of the existing ones to continuously align them to the Society's growth agenda.
- c) Coordinating market research activities to identify the existing gaps that the Society can explore in furtherance of its strategic agenda.
- d) Coordinating the Society's efforts to identify potential partnership and/or collaboration opportunities in pursuance of the lending business.

73 EDUCATION, MARKETING & GOVERNANCE COMMITTEE

The Education, Marketing and Governance Committee consist of at least three members from the Board. Its duties shall consist the following;

73.1 EDUCATION TASKS

- a) develop and recommend to the Board of Directors for adoption of an appropriate education, training, governance and marketing policy for its members and oversee the implementation;
- b) In consultation with management, identify and determine the education needs of the members and develop annual programmes to educate and train the members in observance with the Cooperative principles, and oversee the implementation of such programmes;
- c) Identify and recommend for acquisition relevant literature and resource materials on behalf of the Regulated SACCO, with a view to setting up a well-stocked resource center including but not limited to the SACCO Societies Act and the Regulations made thereunder, the Cooperative Act and the Rules made thereunder; the By-Laws of the Regulated SACCO and any amendments thereto; Policies of the SACCO Society; other relevant cooperative financial texts and journals;
- d) Ensure the implementation of education and exchange programmes for SACCO delegates within the approved budgetary limits;
- e) Recommend to the Board of Directors the key thematic areas to undertake research for purposes of ensuring the SACCO Society and its members and business are kept abreast with development in the policy and legal environment;
- f) Recommend the allocation of adequate resources for education and training of the members in accordance with the members annual education and training plan;
- g) Identify, collect and prepare of co-operative news on behalf of the SACCO Society including recommending such news for publication in any internal or external media;
- h) in consultation with the Board of Directors, undertake such other corporate governance and corporate social responsibility initiatives as may be necessary or desirable; and
- i) ensure that members of the Regulated SACCO Society are supplied with all relevant and current educational and training materials including but not limited to the operating statutes, SACCOs By-Laws, policies, financial statements and any other matter

73.2 MARKETING TASKS

- a) Ensuring the identification, collection and preparation of co-operative news on behalf of the society. Annual Delegates meetings, minutes authorized visits and interviews could constitute news.
- b) Developing, reviewing and recommending to the Society's Board of Directors marketing strategies: developing the overall marketing strategy for the organization. This includes identifying target

audiences, developing marketing messages, and determining the best marketing channels to reach those audiences.

- c) Approving marketing plans: Once the marketing strategy has been developed, the committee is responsible for reviewing and approving the detailed marketing plans that will be implemented to execute the strategy.
- d) Monitoring marketing performance: The committee is responsible for monitoring the performance of the marketing activities to ensure they are meeting the organization's goals. This includes analyzing data on new members, customer engagement, and brand awareness.
- e) Developing marketing budget decisions: The committee is typically responsible for making decisions about the marketing budget. This includes determining how much money should be allocated to various marketing channels and campaigns.
- f) Ensuring legal and ethical compliance: The committee is responsible for ensuring that all marketing activities comply with legal and ethical standards. This includes reviewing advertising copy, ensuring that all claims made in marketing materials are truthful and accurate, and ensuring that the organization is not engaging in any practices that could be considered deceptive or unfair.

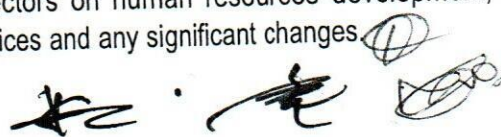
73.3 THE GOVERNANCE TASKS

- (a) To review annually, for board approval, a board manual outlining the policies and procedures by which the board shall operate, and the terms of reference for the board, the chairman and board committees;
- (b) To determine the performance measures to be deployed in assessing the performance of the business, the CEO, Chairman, individual directors and the board as a collective entity.
- (c) To recommend to the board and implement each year, an appropriate evaluation process for the board, the chair, individual board members and the chief executive officer;
- (d) To develop recommendations regarding the essential and desired experiences, skills and competencies for board members of the SACCO;
- (e) To review monitor and make recommendations regarding the induction and development of new board members;
- (f) To lead annual performance review for the chief executive officer and his directreports,
- (g) To receive annual declarations on the fit and proper criteria for onward transmission to SASRA.
- (h) At the request of the board, undertake such other corporate governance initiatives as may be necessary or desirable.
- (i) To supervise and monitor matters reported using the SACCO's whistle blowing or other confidential mechanisms for employees and third parties to report ethical and compliance concerns or potential breaches or violations;
- (j) To investigate all allegations of violations of the SACCO's Code of Conduct by directors and to recommend appropriate sanctions to the board.

74 HUMAN RESOURCE MANAGEMENT COMMITTEE

74.1 The Human Resource Management Committee shall consist of at least three members of the Board; The Committee is responsible to the Board on the following matters: -

- (a) To review and make recommendations to the Board of Directors on human resources development, organizational structure, compensation policy, principles and practices and any significant changes



- (b) To review and make recommendations to the Board of Directors on *salary structures, bonus, benefits and other remuneration* of management and staff (excluding the CEO)
- (c) To provide guidance as needed regarding major changes in compensation, benefit and retirement plans.
- (d) To review and make recommendations to the Board of Directors on the compensation of the CEO to the board for approval
- (e) To review and make recommendations to the Board of Directors, prior to consideration by the full Board of Directors, management's proposals to make significant on the staff disciplinary cases:
- (f) To review and make recommendations to the Board of Directors, prior to consideration by the full Board of Directors, management's proposals to make significant on the Performance Management System:
- (g) To oversee the SACCO's plan for management succession and development
- (h) Receive and recommend to the Board all staff welfare matters including recruitment, induction, training appraisals, promotion and disciplinary matters.
- (i) Review and recommend to the Board on Staff Training and Development programmes.
- (j) Examine and recommend Human Resource expenditure for approval by the Board.
- (k) Prepare the Human Resource budget for Board approval.
- (l) Ensure the management adheres to the approved human resource and related policies.

75 ADMINISTRATION, PLANNING AND STRATEGY COMMITTEE

The National Chairman, National Vice-Chairman, National Treasurer and National Secretary shall serve in this Committee. The Committee shall provide oversight role on matters pertaining to administration and Strategy of the SACCO Society. The Committee is responsible to the Board on the following matters: -

- a) To assist the Board of Directors in discharging its oversight duties with respect to the development, implementation, monitoring and evaluation of the Society's strategic plan and the risks associated with such plan.
- b) To provide oversight role on matters pertaining to administration of the SACCO Society including monitoring the effectiveness of all service levels agreements, records management policy and any other policy.
- c) To consider all Corporate legal matters that could have a material impact on the Society's financial operations, other corporate disputes and strategic partnership with the Society.
- d) To recommend to the board the selection and appointment of the CEO.

76 TENDER COMMITTEE

The tender committee shall exercise its roles in accordance with the provisions of Society's Tender and Disposal Policy of the Society or/and the best practice.

77 SIGNATORIES TO OFFICIAL DOCUMENTS

Unless decided otherwise by the Board of Directors all documents, contracts and Cheques shall be

signed by any three of the following, on behalf of the SACCO Society; -

- (a) National Chairman
- (b) National Vice Chairman
- (c) National Treasurer
- (d) National Secretary

The Chief Executive Officer shall be a counter signatory.

78 FORMATION OF OTHER SUB-COMMITTEES

For the purpose of the proper management and efficient rendering of services to the members, the Board may from time to time create or abolish a committee.

79 SUPERVISORY COMMITTEE

- a) The Supervisory Committee shall be elected by the delegates at the Annual Delegates Meeting.
- b) Members of the Supervisory Committee shall serve for a period of three years; one member shall however retire annually, and shall be eligible for re-election.
- c) The Supervisory Committee members shall choose among themselves, a Chairman, and a Secretary.
- d) The Secretary of the Supervisory Committee shall prepare, maintain and keep custody of the records of all actions taken, including evidence of any audits performed by the Committee.
- e) The committee shall:
 - i. Have qualifications similar to those of members of the Board.
 - ii. Be required to have at least some knowledge of accounts.
 - iii. Be removed by a resolution of the Delegate meeting.
 - iv. The Supervisory committee shall hold quarterly meetings save for joint meetings between its members and those of the Board.


80 DUTIES OF THE SUPERVISORY COMMITTEE

The duties of the Supervisory Committee shall include:

- 80.1 The Supervisory Committee shall be the watch dog of the SACCO Society. The Supervisory Committee in conjunction and coordination with the internal auditor must ensure that the Society's internal controls and financial matters of the SACCO are maintained in a safe and sound manner. The reports by the Supervisory committee submitted to the Board of Directors will contain any shortcomings, violations of policy, procedures or any applicable laws and the relevant recommendations.
- 80.2 The Supervisory Committee is responsible in ensuring that the SACCO is carrying out its activities and operations in compliant with the SACCO Act, rules, and the regulations and internal controls of the SACCO and in particular the committee will do verification of Society transactions and related matters and submit periodic reports as per the SACCO act, bylaws and co-operative societies Rules.

81 THE CHIEF EXECUTIVE OFFICER

- 81.1 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: -

- 
- (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 Act, Regulations, Co-operative Act, Rules these By-Laws and any other applicable laws.

81.2 The Chief Executive 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: -

- a) financial statements (monthly, quarterly and annual).
- b) showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances.
- c) capital structure and adequacy.
- d) delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning.
- e) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual.
- f) Sources and application of savings and deposits; All insider lending and non-performing insider loans if any.
- g) violation of the Act, these regulations and any other applicable law, and remedial actions taken to comply.
- h) large risk exposures.
- i) investment portfolio.

81.2 The Chief Executive officer shall;

- (a) Attend all Board and Delegate meetings as an ex-officio member.
- (b) Be a signatory to SACCO Society cheques, contracts and other documents as may be necessary.
- (c) Perform such other duties as may be assigned by the Board.

82 BOOKS OF ACCOUNTS AND RECORDS

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

- 82.1 A register of members showing in respect of each member.
- a) Name, age, date of application for membership, address and occupation.
 - b) Date of admission to membership.
 - c) Number and value of shares held.
 - d) Date of cessation of membership.
 - e) Name and particulars of nominees, and
 - f) Any other information as may be required by the Society from time to time.

82.2 Minute books giving details of proceedings of Board of Directors, Board committees, joint Board and

Supervisory Committee, Supervisory Committee meetings and all other committee meetings held in accordance with these by-laws.

- (a) Minute book giving details of proceedings at the Delegates Meetings.
- (b) A cashbook showing the details of all monies received or paid out by the Society.
- (c) A delegate ledger containing such accounts as is necessary to accurately reflect the business of the Society.
- (d) A personal ledger for each member showing his/her transactions with the Society.
- (e) A register of assets and property owned by the SACCO Society.
- (f) 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, Loan security, the due date of repayments and the date repayments were completed.
- (g) Such other books and records as the Board of Directors or the Authority may decide or prescribe.
- (h) 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.

83 POLICIES & PROCEDURES

The Board of Directors 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.

84 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.

85 COMMON SEAL

- a) The SACCO Society shall adopt and use a common seal. The seal shall have an imprint bearing the words "**Seal of Apstar DT Savings and Credit Co-operative Society Limited**" which shall be different from the ordinary name-stamp of the SACCO Society.
- b) The Common 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.
- c) 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 and witnessed by at least one member of the Administration, Planning and Strategy Committee.

86 FINANCIAL YEAR

The financial year of the SACCO Society shall be from 1st January to 31st December



87 DISPOSAL OF SURPLUS FUNDS

- 1 Subject to the Act, Regulations and approval by the Delegates Meeting, the net surplus resulting from operations of the SACCO Society during any financial year may be disposed of follows: -
- a) Credited to the Reserve Fund.
 - b) disposed of as decided by the Delegates Meeting for: -
 - c) Paying dividends on shares and interest on deposits after fulfillment of capital adequacy requirement.
 - d) Being forwarded to Education Fund or any other fund or funds of the SACCO Society including the appropriations.
 - e) Paying honorarium to Board members, Supervisory Committee, delegates and bonus to staff.
 - f) In any other way recommended by the Board of directors and approved by the Delegates Meeting.

FINES

For any breach of these By-Laws or lawful instructions issued by the Board of Directors and Delegates Meeting, or failure to honor his/her obligations on time, the member may be fined an amount not exceeding Kenya Shillings Twenty Thousand (KES. 20,000).

DISPUTES

If any dispute concerning the business of the SACCO Society arises: -

- (a) Among members, past members and persons claiming through members, past members and deceased members; or
- (b) Between members, past members or deceased members, and the Society, its committee or any officer of the Society; or
- (c) Between the SACCO Society and any other co-operative Society.
- (d) Between the SACCO Society and the Authority which cannot be determined by the Board of Directors or Delegates Meeting), it shall be referred to Alternative Dispute Resolution (ADR) or the Co-operative Tribunal Court. Appeals shall be taken to the High Court.

90 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 an honorarium from the net surplus as allowed in these by-laws.
- b) The Board, 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.

91 INSPECTION OF DOCUMENTS

- 91.1 All books of accounts and other records shall at all times be available for inspection by the Authority,

Supervisory committee and the members.

- 91.2 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.
- 91.3 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.

92 DISSOLUTION

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





93 AMALGAMATION AND ACQUISITION

The SACCO Society may enter into arrangements of amalgamation or acquisition of any other Society in accordance with the Co-operative Societies Act, and subject to any approvals required by law.

94 AMENDMENT OF BY-LAWS



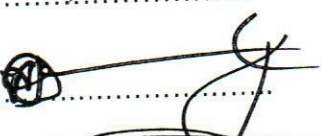

These By-Laws shall be amended in accordance with the Cooperative Act and the Rules, the Act and Regulations but no amendment shall become effective until it is approved and registered by the Commissioner.

95 TRANSITIONAL CLAUSE.

This By-Law takes effect immediately upon approval. Any ongoing actions, rights, or obligations under the previous by-law will continue under this updated version. References to the old by-law in any documents now refer to this updated version. Any differences between the old and updated by-law will favor the updated version.  . 



96 ACCEPTANCE

We the undersigned Board Members of Apstar DT Savings and Credit Co-operative Society Limited hereby do hereby accept these By-Laws for and on behalf of the Society.

TITLE	NAME	ID. NO.	SIGNATURE
CHAIRMAN	DR PHILIP K. CHEWAO	16108845	
VICECHAIRMAN	ANDREW A. OKWALI	7957964	
HON. SECRETARY	JEREMIAH N. ONGARO	16000239	
TREASURER	ISAACK K. CHEROP	1098376	

OFFICIAL CERTIFICATION

I CERTIFY that the foregoing By-Laws of the Apstar DT Savings and Credit Co-operative Society Limited have been approved and duly registered.

Given under my hand at Nairobi this 27th Day of March 2024

DAVID K. OBONYO

SIGNED.....
COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

