

NAME AND AREA OF OPERATION

1.1. NAME

The SACCO Society shall be called PCEA Savings and Credit Co-operative Society Limited (Regulated No Withdrawable Deposit Taking SACCO / Regulated Non-WDT-SACCO) herein after referred to in these By-Laws as “the SACCO Society”

1.2. AREA OF OPERATION

The SACCO Society’s and its area of operation shall be at Jitegemea House South C’ Muhoho Avenue and its postal address of the society shall be **P.O BOX 27573-00506 Nairobi.**

1.3. CHANGE OF NAME OR AREA OF OPERATION

The SACCO Society shall not change its name or area of operation, or propose the change of its name or area of operation except with a prior written approval of the General Meeting

2.0. INTERPRETATIONS AND DEFINITIONS

2.1. GENERAL INTERPRETATION

In these By-Laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the –

- a. Sacco Societies Act, No. 14 of 2008 (hereinafter referred to as the Sacco Societies Act;
- b. Sacco Societies (Non-Deposit Taking Business) Regulations, 2020 (hereinafter referred to as the Regulations, 2020;
- c. Co-operative Societies Act (Cap 490) (hereinafter referred to as the Cooperative Societies Act;
- d. Co-operative Societies Rules, 2004 (hereinafter referred to as the Cooperative Societies Rules

2.2. GENDER NEUTRALITY

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

2.3. SPECIFIC INTERPRETATION

In these By-Laws save as otherwise expressly stated:

- a. **“Authority”** shall mean the Sacco Societies Regulatory Authority established under the Sacco Societies Act.
- b. **“Authorization”** means the act of the Authority to grant permission to the SACCO Society to undertake non-deposit taking business within the meaning of the Sacco Societies Act and the Regulations 2020;
- c. **“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;

- d. **“Core Capital”** means the 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;
- e. J) **“Deposit-taking business”** has the meaning assigned to it in the Sacco Societies Act;
- f. J) **“Dividend”** means the members’ share of the surplus of the SACCO society which is divided amongst its members based on shareholding.
- g. O) **“Non-withdrawable deposits”** mean all the members’ deposits not available for withdrawal for the duration of the membership of a member in the SACCO Society, and which deposits may be used as collateral against borrowings and domestic money transfer services only.

5.1. CO-OPERATIVE PRINCIPLES

In order to achieve its objects, the SACCO society shall act in accordance with the following International Co-operative Principles as established in the Cooperative Societies Act, namely –

- a. Voluntary and open membership
- b. The SACCO 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.
- c. Democratic member control
- d. The SACCO society will be fully controlled by members who will have equal voting rights on the basis of one member one vote.
- e. Economic participation by member
- f. Members shall contribute equitably to the capital of the SACCO society and share in the results of its operations.
- g. Autonomy and independence

The SACCO society shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.

e) Education, training and information

6.13. RIGHTS OF MEMBERS

A member of the SACCO Society shall have the right to –

- a. Attend, participate and vote in decision making at all General Meetings of the SACCO Society;
- b. Be elected to governance organs of the SACCO Society, subject to compliance with any written law and these By-Laws;
- c. Enjoy the use of all the facilities and services of the SACCO Society, subject to compliance with any written law and these SACCO Society’s By-Laws;
- d. Access all legitimate information relating to the SACCO Society, including a copy of these By-Laws; any internal Policies and Procedure Manuals; registers; minutes of General

- Meetings and Supervisory Committee reports; Annual Financial Statements; and any other inventories or accounts at the SACCO Society's registered office;
- e. To be furnished with a free statement for each account that provides adequate details of each transaction made during the period on a quarterly basis or upon request by a member, through an electronic media to the members' disclosed electronic address;
 - f. An advance written notice of at least thirty (30) days before the effective date of a change in the features of the SACCO Society's products and services in accordance with the Regulations, 2020;
 - g. A full and accurate disclosure of the terms and conditions for subscription to the SACCO Societies' shares or the terms and conditions for the mobilization of non-withdrawable deposits or the opening and operation of a non- withdrawable deposit account including the savings frequency, tariffs, penalties, commissions, charges and fees among others in accordance with the Regulations, 2020;
 - h. A full and accurate disclosure of the minimum lending terms, legal obligations and requirements of either party, including the amount to be financed; the finance charges, such as the interest rate, fees and any other charges that may be imposed; the interest computation method (variable, fixed, flat or reducing) and the date interest charges begin to accrue; the conditions for refinancing of loans; frequency of issue of statements; and the collateral or security required to secure the lending;
 - i. A full and accurate disclosure of the method employed to calculate any dividends payable on shares and interest payable on non-withdrawable deposits; and the frequency of the dividend or interest calculation and the time the dividends or interest are paid or credited to an account;
 - j. Any other right as may be conferred upon the member by the Co-operative Societies Act, the Sacco Societies Act, the Regulations 2020, these Bylaws and any other applicable law.

6.14. OBLIGATIONS OF MEMBERS

A member of the SACCO society shall have the obligation to –

- a. Observe and comply with all the SACCO Society's By-Laws and decisions taken by the relevant organs of the SACCO Society or any directive issued by the Authority to the SACCO Society pursuant to any written law;
- b. Ensure that only fit and proper members are elected to the Board of Directors and the Supervisory Committee;
- c. Buy and pay up for shares or make any other regular payments provided for in these By-Laws;
- d. Meet the debts of the SACCO Society in case of insolvency in accordance with the provisions of the Co-operative Societies Act and these By-Laws; and
- e. Any other obligation imposed by the Co-operative Societies Act, the Sacco Societies Act, the Regulations, 2020, these By-Laws and any other applicable law

6.15. TERMINATION OF MEMBERSHIP

The Membership in the SACCO Society shall cease with effect from the date of –

- a. Death;
- b. Withdrawal;
- c. Expulsion;
- d. Being certified insane;
- e. Transferring all shares to another member; or
- f. Ceasing to hold qualification for membership as specified in these By-Laws.

6.16. LIMITATION OF MEMBER'S RIGHT

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 any period without valid reasons or leave of the SACCO Society; or
- b. Of access to 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.

8.0. WITHDRAWAL FROM THE SACCO SOCIETY

8.1. NOTICE OF WITHDRAWAL FROM MEMBERSHIP

A member of the SACCO Society may at any time withdraw from the membership by giving at least sixty (60) days written notice to the Board of Directors.

8.2. REFUND OF NON-WITHDRAWABLE DEPOSITS UPON WITHDRAWAL

The SACCO Society shall refund to a member the amount accumulated in the member's non-withdrawable account within sixty (60) days of receiving the written notification of the member to withdraw from membership of the SACCO Society in accordance with regulation 21(6) of the Regulations 2020.

8.3. PARTIAL WITHDRAWAL PROHIBITED

Partial withdrawal of non-withdrawable deposits from the SACCO Society shall not be allowed under any circumstances.

8.4. PAYMENT ON CESSATION OF MEMBERSHIP

On cessation of membership, a person shall be paid the following, less any outstanding obligations including any debts owed to the SACCO Society or for which the non-withdrawable deposits have been pledged as security or collateral –

- a. The non-withdrawable deposits;
- b. Any dividends and interests due prior to the cessation date;
- c. Any other funds other than shares held by the sacco society on his/her behalf.

9.0. MEMBERS' NOMINEES

9.1. NOMINEE REGISTER

The SACCO Society shall at all times keep an updated nominees' register stating inter-alia the age, relationship with the member and the name of the guardian where nominee(s) is a minor, provided that the nominee register shall be maintained in an electronic format using a Management Information System (MIS) that conforms to the requirements of regulations 5(4)(b) of the Regulations 2020.

9.2. MEMBERS TO NOMINATE NOMINEES

Every member of the SACCO Society shall on admission into membership be required to nominate in writing one or more persons as the member's nominee(s); and every such nomination shall be attested by at least two witnesses who are members of the SACCO Society.

9.3. MEMBER MAY CHANGE NOMINEE(S)

A member shall have the right to change the nominee(s) in writing, in the presence of at least two attesting witnesses who are members of the SACCO Society.

9.4. NAMES OF NOMINEES TO BE ENTERED INTO THE REGISTER

The names of the nominee(s) submitted by members and any changes made in respect thereof, shall be entered in the nominees' register maintained in accordance with these By-Laws.

9.5. PAYMENTS TO NOMINEE

The SACCO Society shall, upon obtaining such documentary proof of the death of a member, pay to the deceased member's nominee(s), the value of the deceased member's deposits, interest and dividend after deducting monies owed to the SACCO Society, if any, within one hundred and eighty (180) days.

9.6. ADMISSION OF NOMINEE INTO MEMBERSHIP

A nominee may be admitted to membership of the SACCO society upon request; and upon such request the shares, deposits, interest and dividends due to the deceased member shall be transferred to the account of that nominee, and the account of the deceased member shall be closed down forthwith.

The SACCO Society shall foster reciprocal, on-going education programs for members, leaders, staff and the community so that they can teach and learn from each other or from the appropriate resource persons in understanding and carrying out their respective roles.

f) Co-operation among co-operatives

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

g) Concern for community in General

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

11.0. SHARES OF THE SACCO SOCIETY

11.1. PRESCRIBED MINIMUM SHARES

Every member of the SACCO Society shall hold at least 750 shares of Kshs 15,000.00 each as shall be fixed by the General Meeting.

11.2. MAXIMUM SHAREHOLDING

No member of the SACCO Society shall hold more than one-fifth (1/5th) of the total shares of the SACCO Society at any one point.

11.3. TRANSFER OF SHARES.

With the approval of the Board of Directors, a member of the SACCO Society may at any time transfer the shares held by the member, to another member provided that such transfers shall be in writing and at nominal value.

11.4. REGISTRATION OF TRANSFER OF SHARES

All transfers of shares shall be registered with the SACCO Society, and no transfer shall be valid unless it is so registered, and the transfer fee in the sum of **Kshs 500** or such other sums as may be fixed by the General Meeting from time to time, shall be payable by the transferee for each such transfer.

11.5. LIABILITY OF MEMBERS LIMITED TO SHARES HELD

The liability of each member of the SACCO Society shall be limited to the nominal value of the shares held by the member.

11.6. SHARE TO BE BASIS OF DISTRIBUTION IN LIQUIDATION

In the event of liquidation of the SACCO Society, where available funds are insufficient to pay the full nominal value of the shares held by members, the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

11.7. SHARES TO ATTRACT DIVIDENDS

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 2020 and approval of the General Meeting; and
- b. The shares of the SACCO Society held by any member shall attract dividends whenever declared in favor of the member –
 - a. So long as such member's share capital remains in the SACCO Society; and

- b. Notwithstanding that such member may have withdrawn from membership of the SACCO Society and the member's non-withdrawable deposits refunded.

13.0. GENERAL MEETING

13.1. SUPREME AUTHORITY VESTS IN THE GENERAL MEETING

Subject to the provisions of the Co-operative Societies Act, the Sacco Societies Act and any other written law or directions of the Authority, the supreme authority of the SACCO Society shall be vested in the General Meeting of the SACCO Society.

13.2. COMPOSITION OF THE GENERAL MEETING

The General Meeting of the SACCO Society shall be constituted of the members of the SACCO Societies

13.3. TYPES OF GENERAL MEETINGS

The SACCO Society shall have two types of General Meetings namely –

- a. Annual General Meeting; and
- b. Special General Meeting

13.4. ANNUAL GENERAL MEETING

An Annual General Meeting shall be convened within four (4) months after the end of the SACCO Society's financial year.

13.5. SPECIAL GENERAL MEETING

A Special General Meeting of the SACCO Society may be held when convened by the –

- a. Board of Directors in accordance with these By-Laws; or
- b. Commissioner; or
- c. Board of the Directors within fifteen (15) days of receipt of a written request by at least **one-fourth** (1/4th) of the members, whichever is less, 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 registered head-office within normal working hours.

13.6. FAILURE TO CONVENE SPECIAL GENERAL MEETING

If the Board of Directors fail to convene a Special General Meeting within fifteen (15) days of receipt of notice from members as provided herein above, such members shall convene the Special General Meeting as requested by notifying the Commissioner and the Board of Directors.

13.7. AGENDA AT SPECIAL GENERAL MEETING

Any business not completed at the Annual General Meeting, may be taken up at a subsequent Special General Meeting of the SACCO Society.

14.0. PROCEDURE OF MEETINGS

14.1. NOTICE OF MEETINGS

The General Meetings of the SACCO Society shall be convened by giving at least fifteen (15) days' written notice to the members, and the Secretary of the SACCO Society, shall take necessary measures and steps to publish the notice of meeting in public places, the websites of the SACCO Society, notice boards, local newspapers, including the print and electronic media or any other mode decided by the members.

14.2. AGENDA AT MEETINGS

All notices constituting a General Meeting of the SACCO Society shall include a statement of the business to be dealt with at the meeting.

14.3. QUORUM AT GENERAL MEETINGS

Except when convened by the Commissioner, the presence of at least twenty-five (25%) percent of the total membership, whichever is less, shall constitute a quorum for the conduct of business at the General Meeting.

14.4. ABSENCE OF QUORUM

When a quorum is not attained the Chairman shall –

- a. Adjourn the meeting and fix a date for another meeting within one month, which shall be advertised as prescribed in these By-Laws; and
- b. If the quorum is again not attained, declare the meeting open with those present one hour after the advertised time of the meeting.

14.5. VENUE OF GENERAL MEETINGS

All General Meetings of the SACCO Society shall be held at a physical venue and place which shall be contained in the notice constituting the meeting, except that a meeting may be held on such terms and conditions as the Commissioner may direct.

14.6. VIRTUAL GENERAL MEETINGS

The SACCO Society may hold its General Meeting virtually or both virtually and physically, in exceptional circumstances as may be determined by the Board of Directors taking into account any prevailing socio-economic, political, health or environmental circumstances limiting physical interactions.

14.7. VIRTUAL MEETINGS TO COMPLY WITH GUIDELINES

Where the Board of Directors opts to hold a virtual or a mixed virtual and physical General Meeting, then the Board of Directors of the SACCO Society shall –

- a. Take measures to ensure that the General 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
- b. 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 General Meeting.

14.8. DUTIES OF GENERAL MEETINGS

The General Meeting shall have the powers and duties prescribed in the Sacco Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law; and in particular the General Meeting shall –

- a. Consider and confirm the minutes of the previous General Meeting;
- b. Consider reports of Committees, the Commissioner or the Authority on the audited financial statements of 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 Sacco Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law;
- d. Elect or remove members of the board and the Supervisory Committee, subject to the Sacco Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law;
- e. Fix the indemnity for the elected Board Members and management staff;
- f. Consider recommendations on expulsion of members and refusal of membership by the Board;
- g. Fix the maximum liability which the SACCO 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 General Meeting;
- i. Fix the honoraria, if any, for officers or employees of the SACCO Society;
- j. decide on the management structure, including the establishment of branches to facilitate efficient and cost-effective delivery of services to members;
- k. Appoint external auditors of the SACCO Society for the ensuing year;
- l. approve affiliation to any National Co-operative Organizations for SACCO Societies and the Apex society;
- m. Transact any other business of the SACCO Society for which notice has been given to members in the manner prescribed in these By-Laws.

14.9. RIGHT TO ATTEND GENERAL MEETINGS

All members the members of the SACCO Society shall have the right to attend the General Meetings of the SACCO Society; and to participate in its deliberations including voting on any resolution proposed.

15.0. CONSTITUTION OF THE BOARD OF DIRECTORS

15.1. BOARD OF DIRECTORS IS THE GOVERNING BODY

The Board of Directors shall be the governing body of the SACCO Society elected from the general membership and shall consist of nine (9) non-executive members, elected by the members pursuant to the provisions of the Co-operative Societies Act, these By-Laws and any other written law.

15.2. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS

No person shall be eligible as a member of the Board of Director if he/she –

- a. Has not been a member of the SACCO Society for at least one 3 years prior to the Annual General Meeting;
- b. Has been adversely named by the Commissioner in an Inquiry Report endorsed by a 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 (10) years, or mentioned adversely in any other national government inquiries where he/ she has been shown or alleged to be engaging or have engaged 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 Directors or officer of a SACCO Society in Kenya;
- d. Has been barred or prohibited from holding office as a director or officer of a SACCO Society by the Authority;
- e. Has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a financial institution;
- f. Has been convicted of any offence involving dishonesty or is imprisoned for three (3) months or more with a crime involving fraud, perjury or breach of contract of a financial institution;
- g. Is delinquent on loans with the SACCO Society for any period within two (2) years prior to elections; h) shall not have attained a minimum of “O” level certificate of Education or equivalent except as otherwise expressly exempted by the Commissioner; Is undischarged bankrupt;
- h. Is under 18 years of age;
- i. Is of unsound mind;
- j. Is a member of the Board of Directors of another existing SACCO Society authorized or licensed under the Sacco Societies Act;
- k. Is an official of or holds a political office at any level;
- l. Does not conform to minimum qualification standards in accordance to any applicable law;
- m. Has been removed from public office or barred from holding public office by any agency of the government, on disciplinary action;
- n. Has not executed and submitted or caused to be submitted to the Authority, the Fit and Proper Test Form as provided in the Regulations, 2020;
- o. Has deposits of less than Kshs 500,000.00

23.0. SUPERVISORY COMMITTEE

23.1. ESTABLISHMENT OF SUPERVISORY COMMITTEE

The SACCO Society shall have a Supervisory Committee consisting of three (3) members each elected at the General Meeting for a period of three years, and one member of the supervisory committee shall retire annually.

23.2. QUALIFICATIONS FOR MEMBERS OF SUPERVISORY COMMITTEE

A member shall be qualified and eligible for elections to the Supervisory Committee of the SACCO Society, if the members –

- a. Have qualifications similar to those of Board Members; and
- b. Have at least one (1) of person bearing some knowledge or qualifications in accounting or finance;

23.3. REMOVAL OF MEMBERS OF SUPERVISORY COMMITTEE

The members of the Supervisory Committee –

- a. May be suspended or removed from office by the Authority or by a resolution of the General Meeting in the same manner and for the same reasons or grounds, as the suspension or removal of members of the Board of Directors or any other officer of the SACCO Society; and
- b. Shall cease to hold office in the same manner, and for the same reasons or grounds as the cessation to hold office by Board Members.

23.4. MEETINGS OF THE SUPERVISORY COMMITTEE

In addition to the joint meetings held with members of the Board or any other routine meetings held with the management for purpose of exercising their duties, the Supervisory Committee shall hold at least one meeting in every quarter.

23.5. DUTIES AND RESPONSIBILITIES OF SUPERVISORY COMMITTEE

The Supervisory Committee, shall in addition to the duties assigned to it under the Co-operative Societies Rules, perform the following functions in accordance with the Regulations 2020 –

- a. review internal controls including the scope of the internal audit program, the internal audit findings, and recommend action to be taken by management;
- b. review internal audit reports and their overall effectiveness, the scope and depth of audit coverage, reports on internal control and any recommendations and confirm that appropriate action has been taken;
- c. ensure that accounting records and financial reports are promptly prepared to accurately reflect operations and results;
- d. review management reports, and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls;

- e. propose to the Board, the names of three (3) qualified persons, to be recommended to the General Meeting, for appointment as external auditors of the SACCO Society;
- f. monitor the ethical conduct of the SACCO Society and consider the development of ethical standards and requirements, including –
 - i. effectiveness of procedures for handling and reporting complaints;
 - ii. reviewing any related party transactions that may arise within the SACCO Society;
 - iii. (iii) verifying that relevant plans, policies, and control procedures are established and properly administered;
 - iv. (iv) investigating members' complaints and making recommendations for redress;
 - v. (v) considering any matter of significance raised by members during the General Meetings of the SACCO Society or the Authority or the Commissioner

23.6. REPORTS TO THE BOARD

The Supervisory Committee shall prepare and submit quarterly reports to be presented to a joint meeting with the Board of Directors within thirty (30) days after the end of each quarter.

23.7. REPORTS TO AUTHORITY

The Supervisory Committee shall submit or cause to be submitted to the Authority all quarterly reports of the Supervisory Committee, together with comments and actions made by the Board of Directors, within thirty (30) days, after presentation to the Board of Directors.