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**LAW No. 20,337**

**LAW OF COOPERATIVES**

**Buenos Aires, May 2, 1973**

His Excellency Mr. President of the Nation:

We have the honor of writing to Your Excellency in order to submit to your consideration the attached Bill of Cooperatives Law, intended to replace the current law 11,388 and which incorporates the provisions of Law 19,219

The need to update the legal regime of cooperatives has been repeatedly highlighted in recent years. This ministry has collected this need through the National Institute of Cooperative Action, within which a special Commission was appointed, made up of its directors and representatives of the cooperative movement, to focus on the study and preparation of the respective Draft.

The enactment of the Commercial Companies Law (No. 19,550), which entered into force at the end of next October, determined the advisability of the aforementioned update having a broader nature in order to avoid that through the application supplementary to the provisions of the aforementioned law, modifications to the regime of cooperatives that are not compatible with the nature of these entities were introduced.

The aforementioned Commission carried out a considerable work that culminated in the elaboration of the Preliminary Project that was submitted for consideration by the Honorary Consultative Council of the National Institute of Cooperative Action, made up of delegates from the different Ministries, and from the most representative entities: the Intercooperative Agricultural Confederation (CONINAGRO) and the Cooperative Confederation of the Argentine Republic (COOPERA), in accordance with the provisions of article 7 of Law 19 219. The Draft received the approval of said body.

It should be noted that it was considered appropriate to deviate from what was advised by the Commission in some aspects of the Draft, especially in Chapter II that we submit to Your Excellency which led to the text

The project responds to a felt need and has been conceived with a modern legislative technique, inspired by the most authoritative sources on the subject, for which it is estimated that it will adequately serve the purposes that motivate it.

The specificity of the matter and the importance of the solutions that the Project incorporates recommend the convenience that this Message be integrated with the Statement of Reasons presented by the Drafting Commission and referred to the final text in which the most important aspects are analyzed and based relating to each institution.

This Project conforms to the provisions of National Policies numbers 59, 66 and 106 established by Decree No. 46/70 of the Board of Commanders in Chief of the Armed Forces and falls within the competence assigned to the Ministry of Social Welfare by Article 28 paragraph 22), of law 19 013.

God save your Excellency.

Oscar R. Puiggrós

Gervasio R. Colombres

## **LAW Nº20 337**

**Bs As, 02/05/73**

In use of the powers conferred by article 5 of the Statute of the Argentine Revolution,

THE PRESIDENT OF THE ARGENTINE NATION SANCTIONS AND PROMULGATES WITH  
FORCE OF LAW:

### **LAW OF COOPERATIVES**

#### CHAPTER I

#### OF NATURE AND CHARACTERS

Regime

**ARTICLE 1.-** Cooperatives are governed by the provisions of this law.

Concept. characters

**ARTICLE 2º.-** Cooperatives are entities founded on their own effort and mutual aid to organize and provide services, which meet the following characteristics:

1st. They have variable capital and unlimited duration.

2nd. They do not put a statutory limit on the number of associates or capital.

3rd. They grant a single vote to each associate, regardless of the number of their social quotas and do not grant any advantage or privilege to the initiators, founders and directors, nor preference to any part of the capital.

4th. They recognize an interest limited to social contributions, if the statute authorizes applying surpluses to any capital remuneration.

5th. They have a minimum number of ten associates, except for the exceptions expressly admitted by the application authority and what is provided for higher grade cooperatives.

6th. They distribute the surpluses in proportion to the use of social services, in accordance with the provisions of this law, without prejudice to the provisions of article 42 for cooperatives or credit sections.

7th. They do not have as their main or accessory purpose the propaganda of political, religious, nationality, region or race ideas, nor do they impose admission conditions related to them.

8th. They encourage cooperative education.

9th. They provide for cooperative integration.

10. They provide services to their associates and non-associates under the conditions established for the latter case by the application authority and subject to the provisions of the last paragraph of article 42.

11. They limit the liability of the associates to the amount of the social contributions subscribed.

12. They establish the non-distribution of social reserves and the disinterested destination of surplus assets in cases of liquidation.

They are subject to law with the scope established in this law.

Denomination

**ARTICLE 3.-** The corporate name must include the terms "cooperative" and "limited" or their abbreviations.

They cannot adopt denominations that lead to assume a field of operations other than that provided for by the statute or the existence of a purpose contrary to the prohibition of article 2 paragraph 7.

cooperative act

**ARTICLE 4.-** Cooperative acts are those carried out between the cooperatives and their associates and by the cooperatives among themselves in compliance with the corporate purpose and the achievement of institutional purposes.

So are, with respect to cooperatives, the legal acts that with the same purpose are carried out with other people.

Association with persons of another legal nature

**ARTICLE 5.-** They can be associated with persons of another legal nature provided that it is convenient for their corporate purpose and that they do not undermine their purpose of service.

Transformation. Prohibition

**ARTICLE 6.-** They cannot be transformed into commercial companies or civil associations.

Any resolution to the contrary is void.

Chapter II

OF THE CONSTITUTION

Form

**ARTICLE 7.-** They are constituted by a single act and by public or private instrument, drawing up an act that must be signed by all the founders.

constitutive assembly

The constitutive assembly must rule on:

- 1st. Report of the initiators;
- 2nd. Draft statute;
- 3rd. Subscription and integration of social quotas;
- 4th Appointment of directors and trustee;

All of this must be recorded in a single body of the minutes, in which the name and surname, address, marital status and identity document number of the founders will also be recorded.

Statute. Contents

**ARTICLE 8.-** The statute must contain, without prejudice to other provisions:

- 1st. The name and address;
- 2nd. The precise designation of the corporate purpose;
- 3rd. The value of the social quotas and the right of entry if any, expressed in Argentine currency;
- 4th. The organization of the administration and supervision and the regime of the assemblies;

5th. The rules for distributing surpluses and bearing losses;

6th. The conditions of entry, withdrawal and exclusion of associates;

7th. The necessary clauses to establish the rights and obligations of the associates;

8th. The clauses relating to dissolution and liquidation.

#### Procedure

**ARTICLE 9.-** Three copies of the articles of incorporation signed by all the directors and accompanied by proof of deposit in an official or cooperative bank of one twentieth of the subscribed capital must be presented to the application authority or the competent local body, the which will send them to the application authority within thirty days. The signatures will be ratified before it or duly authenticated.

Within sixty days of receiving the documentation, if there are no observations, or within the same term once they are satisfied, the application authority will authorize the cooperative to function and register, after which it will send certified testimonies to the competent local body and will grant the same constancy to that

regular constitution

**ARTICLE 10.-** They are considered to be regularly constituted, with authorization to operate and registration in the registry of the application authority. No publication is required.

#### Responsibility of founders and directors

**ARTICLE 11.-** The founders and directors are unlimited and jointly and severally liable for the acts carried out and the assets received until the cooperative is regularly constituted.

#### Statutory modifications

**ARTICLE 12.-** For the statutory modifications to be in force, their approval by the application authority and their registration in the latter's register are required. For this purpose, the procedure established in article 9 will be followed as pertinent.

#### Regulations

**ARTICLE 13.-** The regulations that are not of mere internal organization of the offices and their modifications must be approved and registered in accordance with the provisions of the previous article before they enter into force.

#### Branch offices

**ARTICLE 14.-** For the operation of branches in a different jurisdiction, the competent local body must be informed, accrediting the regular constitution of the cooperative.

Cooperatives established abroad

**ARTICLE 15.-** For those incorporated abroad, the provisions of Section XV of Chapter I of Law 19,550 apply with the modifications established by this law regarding authorization to operate and registration.

Appeals against decisions related to the authorization to operate, statutory modifications and regulations

**ARTICLE 16.-** The decisions of the enforcement authority related to the authorization to operate, statutory modifications and regulations, are administratively and judicially appealable.

Judicial appeal

The judicial appeal must be founded and filed within thirty business days of notification of the resolution to the enforcement authority or to the competent local body, which will forward it to the former within the fifth business day. The enforcement authority will submit the appeal, together with the respective background information, to the Federal Federal and Administrative Litigation Appeals Chamber of the Federal Capital within five business days.

Chapter III

OF THE ASSOCIATES

Conditions

**ARTICLE 17.-** Individuals over eighteen years of age, minors through their legal representatives and other subjects of law, including joint-stock companies, may be members, provided they meet the requirements established by the statute.

Within such cases, entry is free, but may be subject to the conditions derived from the corporate purpose.

right of entry

**ARTICLE 18.-** When the statute establishes a right of entry, it cannot be raised as compensation for social reserves. Its amount cannot exceed the value of a social quota.

Public legal persons, decentralized entities and state companies

**ARTICLE 19.-** The National State, the Provinces, the Municipalities, the decentralized entities and the State companies can associate to the cooperatives in accordance with the terms of this law, unless it is expressly prohibited by their respective laws. They can also use their services, with their consent, even if they are not associated with them.

When they associate, they can agree on the participation that will correspond to them in the administration and supervision of their activities as long as it contributes to the objectives pursued and provided that such agreements do not restrict the autonomy of the cooperative.

Sole concessionaire public service cooperatives

**ARTICLE 20.-** When the cooperatives are or become the only concessionaires of public services, in the localities where they operate, they must provide them to the offices of the national, provincial or municipal public departments, without the prior requirement of association and under the conditions established for his associates.

Information right

**ARTICLE 21.- Members** have free access to the records of the membership record. The information on the records of the other books should be requested from the trustee.

Withdrawal

**ARTICLE 22.-** Associates may voluntarily retire at the time established in the bylaws, or failing that, at the end of the fiscal year giving notice thirty days in advance.

Exclusion. Appeal

**ARTICLE 23.-** The exclusion can be appealed before the assembly in all cases.

effects

The statute must establish the effects of the appeal.

CHAPTER IV

CAPITAL AND SOCIAL FEES

Division in social quotas

**ARTICLE 24.-** The capital is constituted by indivisible social quotas and of equal value.

Actions



The social quotas must consist of representative shares of one or more, which have the character of nominative shares.

#### Transfer

They can be transferred only between associates and with the agreement of the board of directors under the conditions determined by the statute.

#### Integration of social fees

**ARTICLE 25.-** The social quotas must be integrated upon being subscribed, at least five percent (5%) and the integration must be completed within a period of five (5) years from the subscription.

#### Actions. Formalities

**ARTICLE 26.-** The statute must establish the formalities of the actions. the following are essential:

1st. Name, address, date and place of incorporation.

2nd. Mention of the authorization to operate and of the registrations provided for by this law.

3rd. Number and face value of the social quotas they represent

4th. Correlative order number and issue date.

5th. Handwritten signature of the president, a counselor and the trustee.

The competent local body can authorize, in each case, the replacement of the handwritten signature by printing that guarantees the authenticity of the actions.

#### proportional capital

**ARTICLE 27.-** The statute may establish a procedure for the formation and increase of capital in proportion to the actual or potential use of social services.

#### Contributable assets

**ARTICLE 28.-** Only certain assets that are susceptible to enforced execution may be provided.

#### Non-monetary contributions

The valuation of the non-monetary contributions will be made in the constitutive assembly or, if these were made later, by agreement between the associated contribution and the board of directors, which must be submitted to the assembly.

The founders and directors are jointly and severally liable for the highest value attributed to the assets, until approved by the assembly.

If non-monetary contributions are verified in the constitution, these must be integrated in their entirety.

When registration in a registry is required for the transfer of the contribution, this will be done preventively in the name of the

Cooperative in formation.

Dwell on integration. sanctions

**ARTICLE 29.-** The associate who does not integrate the subscribed social quotas in the conditions provided for by the statute incurs in default due to the mere expiration of the term and must compensate the damages and interests. The default entails the suspension of social rights

The statute can establish that the expiration of the rights will take place. In this case, the sanction will take effect after summons to integrate within a period of not less than fifteen days under warning of loss of the sums paid. Notwithstanding this, the cooperative may choose to comply with the subscription contract.

Condominium. Representative

**ARTICLE 30.-** If there is co-ownership of social quotas, the condominium rules apply. The unification of representation may be required for the exercise of certain social rights and obligations.

Reimbursement of social fees

**ARTICLE 31.** The statute may limit the annual reimbursement of social contributions to an amount not less than five percent of the paid-in capital according to the last approved balance sheet. The cases that cannot be dealt with with said percentage will be dealt with in the following years in order of seniority.

Social dues pending reimbursement

**ARTICLE 32.-** The membership fees pending reimbursement will accrue interest equivalent to fifty percent of the rate set by the Central Bank of the Argentine Republic for savings account deposits.

account settlement

**ARTICLE 33.-** No definitive liquidation in favor of the associate can be practiced without having previously discounted all the debts that he had with the cooperative.

The social quotas are affected as a greater guarantee of the operations that the associate carries out.

Garment. Embargo

**ARTICLE 34.-** The constitution of a pledge or judicial seizure does not affect the rights of the associate.

capital reduction

**ARTICLE 35.-** The board of directors, without excluding associates, may at any time order the reduction of capital in proportion to the number of their respective social quotas.

Irrepartibility of reserves

**ARTICLE 36.-** In case of withdrawal, exclusion or dissolution, the associates only have the right to be reimbursed the nominal value of their integrated membership fees, deducting the losses that they would bear proportionally.

## CHAPTER V

### OF ACCOUNTING AND THE FISCAL YEAR

Accounting

**ARTICLE 37.-** The accounting must be kept in the national language and in accordance with the provisions of article 43 of the Commercial Code.

Books

**ARTICLE 38.-** They must keep, in addition to the books prescribed by article 44 of the Commercial Code, the following:

- 1st. Registration of associates;
- 2nd. Minutes of assemblies;
- 3rd. Minutes of meetings of the board of directors;
- 4th. Audit reports.

The competent local body may authorize by reasoned resolution, in each case, the use of mechanical means and loose-leaf books to replace or complement those indicated.

initialing

The initialing of the books will be in charge of the competent local body, if it exists, and will be communicated to the application authority with individualization of the respective books. This initialing produces the same effects as that provided for in Chapter III, Title II, First Book of the Commercial Code.

Balance

**ARTICLE 39.-** An inventory, balance sheet, income statement and other attached tables will be drawn up annually, the presentation of which must conform to the regulations issued by the application authority, without prejudice to the specific regimes established for certain activities.

Memory

**ARTICLE 40.-** The annual report of the board of directors must contain a description of the state of the cooperative with mention of the different sections in which it operates, registered activity and projects in progress. It will make special reference to:

1st. The expenses and income when they were not discriminated in the statement of results or other annexed tables;

2nd. The economic and social relationship with the cooperative of a higher degree than that to which it was associated, with mention of the percentage of operations in its case;

3rd. The amounts invested in cooperative education and training, indicating the work carried out or mentioning the higher grade cooperative or specialized institution to which the respective funds were remitted for such purposes.

documents. Remission

**ARTICLE 41.-** Copies of the balance sheet, income statement and attached tables, together with the report, and accompanied by the trustee's and auditor's reports and other documents, must be made available to the associates at the headquarters, branches and any other other kind of permanent representation, and sent to the application authority and the competent local body with no less than fifteen days prior to the holding of the assembly that will consider them.

In the event that said documents were modified by the assembly, copies of the final ones will also be sent to the application authority and competent local body within thirty days.

Distributable surpluses. Concept

**ARTICLE 42.-** Surpluses are considered distributable only those that come from the difference between the cost and the price of the service provided to the associates.

## Distribution

Of the distributable surpluses, the following will be allocated:

1st. Five percent to legal reserve;

2nd. Five percent to the assistance and labor action fund or to encourage staff;

3rd. Five percent to the cooperative education and training fund;

4th. An indeterminate sum to pay interest on social contributions if authorized by statute, which cannot exceed by more than one point the amount charged by Banco de la Nación Argentina in its discount operations;

5th. The rest for its distribution among the associates as a return;

a) in the cooperatives or sections of consumption of goods or services, in proportion to the consumption made by each associate;

b) in production or work cooperatives, in proportion to the work actually provided by each one;

c) in the cooperatives or sections of acquisition of work elements, transformation and commercialization of products in their natural state or elaborated, in proportion to the amount of the operations carried out by each associate;

d) in cooperatives or credit sections, in proportion to the capital contributed or the services used, as established by the statute;

e) in the other cooperatives or sections, in proportion to the operations carried out or the services used by each member.

## Destination of surpluses generated by provision of services to non-Associates

Surpluses derived from the provision of services to non-members authorized by this law will be allocated to a special reserve account.

## Sectionalization of results. Loss compensation

**ARTICLE 43.-** The results must be determined by sections and surpluses may not be distributed without previously compensating the losses of those that had produced losses.

When reserves have been used to offset losses, surpluses may not be distributed without having reconstituted them at the level prior to their use.

Nor may surpluses be distributed without having compensated the losses of previous years.

Distribution of surpluses in social quotas

**ARTICLE 44.-** The assembly can resolve that the return, and the interests in its case, be distributed totally or partially in social quotas.

asset revaluation

**ARTICLE 45.-** Cooperatives may revalue their assets in accordance with the regulations issued by the enforcement authority

Cooperative education and training

**ARTICLE 46.-** They must invest annually the cooperative education and training fund provided for in article 42 paragraph 3, either directly or through higher grade cooperatives or specialized institutions with legal status.

## CHAPTER VI

### OF THE ASSEMBLIES

*(Infoleg Note: by art. 1 of [Law No. 25,027 BO 11/9/1998](#) it is established that in no case the assemblies or the boards of directors of the cooperatives may adopt decisions that directly or indirectly imply the loss of Associate status for a number greater than ten percent (10%) of the pattern registered at the close of the last fiscal year).*

Lessons

**ARTICLE 47.-** The assemblies are ordinary or extraordinary.

ordinary assembly

The ordinary meeting must be held within the four months following the closing date of the fiscal year to consider the documents mentioned in article 41 and elect directors and trustee, without prejudice to the other matters included in the agenda.

extraordinary assemblies

Extraordinary assemblies will take place whenever the board of directors so decides; the trustee, in accordance with the provisions of article 79 paragraph 2, or when requested by associates whose number is equivalent to at least ten percent of the total, unless the statute requires a lower percentage. They will be carried out within the period established by the statute.

The board of directors may deny the request incorporating the matters that motivate it to the agenda of the ordinary meeting, when it is held within ninety days from the date of presentation of the request.

Call

**ARTICLE 48.-** They must be convened at least fifteen days in advance, in the manner provided by the statute. The call will include the agenda to be considered.

Communication

With the same anticipation they must be communicated to the application authority and the competent local body.

Meeting place

They must meet at the headquarters or place that corresponds to the jurisdiction of the registered office.

Whose

**ARTICLE 49.-** They are held validly, regardless of the number of attendees, one hour after the one set in the call, if half plus one of the associates had not met before.

Assembly of delegates

**ARTICLE 50.-** When the number of associates exceeds five thousand, the assembly will be constituted by delegates elected in district electoral assemblies under the conditions determined by the statute and the regulations. The division of the districts can be established in sections in order to facilitate the exercise of the electoral rights to the associates.

district assemblies. Terms of office of delegates

District assemblies will be held for the sole purpose of electing delegates by simple majority vote. The position will be considered valid until the next ordinary meeting, unless the statute limits it to a shorter time.

Associates domiciled or residents in distant places

The statute can adopt the same procedure, even if the number of associates is less than indicated, for the representation of those domiciled or residing in places distant from the assembly, on the basis of a regime of equality for all districts.

credentials

Prior to its definitive constitution, the assembly must decide on the credentials of the delegates present.

I vote for power. Conditions

**ARTICLE 51.-** It is possible to vote by proxy, unless the statute prohibits it. The mandate must fall on one partner and the latter cannot represent more than two.

Order of the day. effects

**ARTICLE 52.-** Any decision on matters foreign to those included in the agenda is null, except for the choice of those in charge of signing the minutes.

Most

**ARTICLE 53.-** The resolutions are adopted by a simple majority of those present at the time of voting, except for the provisions of the law or the statute for decisions that require a greater number.

Special cases

A majority of two-thirds of the associates present at the time of the vote is required to resolve the change of the corporate purpose, the merger or incorporation and the dissolution.

Participation of directors, trustees, managers and auditors

**ARTICLE 54.-** The directors, trustees, managers and auditors have a voice in the assemblies, but they cannot vote on the memory, the balance sheet and other matters related to their management or on the resolutions referring to their responsibility. They may not represent other associates either.

Sign the act

**ARTICLE 55.-** The assembly must designate two of its members to approve and sign the respective minutes together with the authorities indicated by the statute.

do you copy

Any associate may request, at his expense, a copy of the minutes.

Remission

**ARTICLE 56.-** A copy of the record must be sent to the application authority and the competent local body within the term and with the documentation provided for in the second paragraph of article 41.



intermediate room

**ARTICLE 57.-** Once the assembly is constituted, it must consider all the matters included in the agenda, without prejudice to passing to the intermediate room one or more times within a total period of thirty days, specifying in each case the day, time and place of resume. Said period may be extended by the application authority when the circumstances advise it.

Minutes of each meeting will be made.

Competition

**ARTICLE 58.-** It is the exclusive competence of the assembly, provided that the matter appears on the agenda, the consideration of:

- 1st. Memory, balance sheet, income statement and other attached tables;
- 2nd. Receiver and auditor reports;
- 3rd. Distribution of surpluses;
- 4th Merger or incorporation;
- 5th. Dissolution;
- 6th. Change of corporate purpose;
- 7th. Participation of legal entities of a public nature, decentralized entities and state companies under the terms of the last paragraph of article 19;
- 8th. Association with persons of another legal nature.

Reservation of the statute

The statute may provide that other resolutions, in addition to those indicated, are reserved to the exclusive competence of the assembly.

Removal of directors and trustees

**ARTICLE 59.- Directors** and trustees may be removed at any time by resolution of the assembly. This can be adopted even if it is not on the agenda, if it is a direct consequence of a matter included in it.

Break

**ARTICLE 60.-** The substantial change of the corporate purpose gives rise to the right of recess, which may be exercised by those who did not vote in favor, within the fifth day, and by those absent, within thirty days of the closing of the meeting.

Replacement of social quotas

The reimbursement of social contributions for this cause will be made within ninety days of notification of the will to recess. In this case, the limitation authorized by article 31 does not apply.

Binding of decisions

**ARTICLE 61.-** The decisions of the assembly in accordance with the law, the statute and the regulations, are obligatory for all associates, except as provided in the previous article.

Challenge of assembly decisions. Headlines

**ARTICLE 62.-** Any resolution of the assembly that is in violation of the law, the bylaws or the regulations, may be challenged for nullity by directors, trustees, enforcement authority, competent local body and associates who are absent or who did not vote in favor.

Those who voted favorably may also challenge it, if their vote is voidable due to defects in their will or the rule violated is of public order.

exercise of the action

The action will be promoted against the cooperative before the competent judge, within ninety days of the closing of the assembly.

Chapter VII

## ADMINISTRATION AND REPRESENTATION

*(Infoleg Note: by art. 1 of [Law No. 25.027 BO 11/9/1998](#) it is established that in no case the assemblies or the boards of directors of the cooperatives may adopt decisions that directly or indirectly imply the loss of Associate status for a number greater than ten percent (10%) of the pattern registered at the close of the last fiscal year).*

Board of directors. Choice. Composition

**ARTICLE 63.-** The board of directors is elected by the assembly with the periodicity, form and number provided in the statute. The directors must be associates and no less than three.

Term of office

The duration of the position of director cannot exceed three years.

reeligibility

Directors are re-eligible, unless expressly prohibited by statute.

Prohibitions and incompatibilities

**ARTICLE 64.-** The following cannot be directors.

1st. Those who failed due to culpable or fraudulent bankruptcy, up to ten years after their rehabilitation; those who failed due to casual bankruptcy or those declared bankrupt, up to five years after their rehabilitation; company directors or administrators whose conduct is classified as guilty or fraudulent, up to ten years after their rehabilitation;

2nd. Those convicted with accessory disqualification from holding public office; those convicted of theft, robbery, fraud, bribery, issuance of bad checks, crimes against public faith; those convicted of crimes committed in the constitution, operation and liquidation of companies. In all cases up to ten years after completion of the sentence;

3rd. People who receive salary, fees or commissions from the cooperative, except in those of production or work and except as provided in article 67.

Replacement of directors

**ARTICLE 65.-** The bylaws may establish the election of substitutes to correct the lack of directors for any reason. Unless otherwise provided, the position of the substitutes who will replace the holders will last until the first ordinary assembly.

Statute silence or vacancy

In case of silence of the statute or vacancy, the liquidator will designate the substitutes until the meeting of the first assembly.

Resignation

**ARTICLE 66.-** The resignation must be submitted to the board of directors and it may accept it as long as it does not affect its regular operation. Otherwise, the resigning party must continue in office until the meeting decides

Remuneration

**ARTICLE 67.-** By resolution of the assembly, the personal work carried out by the directors in the fulfillment of the institutional activity may be remunerated.

Reimbursement

The expenses incurred in the exercise of the position will be reimbursed.

functions

**ARTICLE 68.-** The board of directors is in charge of directing the corporate operations, within the limits established by the bylaws, with supplementary application of the regulations of the mandate.

attributions

Its attributions are those explicitly assigned by the statute and those indicated for the realization of the corporate purpose. For this purpose, implicit powers are considered those that the law or the bylaws do not expressly reserve to the assembly.

operating rules

**ARTICLE 69.-** The statute must establish the operating rules of the board of directors.

Whose

The quorum will be more than half of the directors, at least. Minutes The minutes must be signed by the president and a director.

meetings. Announcement

**ARTICLE 70.-** It must meet at least once a month and when required by any of its members. In the latter case, the call will be made by the president to meet within the sixth day of receiving the request. Failing that, any of the directors may call it.

Executive committee

**ARTICLE 71.-** The bylaws or regulations may establish an executive committee or board of directors, made up of directors, to ensure the continuity of ordinary management. This institution does not modify the obligations and responsibilities of the directors.

managers

**ARTICLE 72.-** The board of directors can designate managers, to whom it can entrust the executive functions of the administration. They are accountable to the cooperative and third parties for the performance of their position to the same extent and in the same manner as the directors. Their designation does not exclude their responsibility.

Representation

**ARTICLE 73.-** The representation corresponds to the president of the board of directors. The statute may, however, authorize the action of one or more directors. In both cases, they bind the cooperative for all acts that are not obviously foreign to the corporate purpose.

This regime is applied even in violation of plural representation, in the case of obligations contracted by means of titles, securities, by contracts between absentees, adhesion or concluded by means of forms, except when the third party has effective knowledge that the act is celebrated in violation of plural representation.

This legal consequence with respect to third parties does not affect the internal validity of the statutory restrictions and the responsibility for their infringement.

Responsibility of directors. Exemption

**ARTICLE 74.- Directors** can only be exempted from liability for violation of the law, bylaws or regulations, through proof of not having participated in the meeting that adopted the challenged resolution or the record of their vote against.

Use of social services

**ARTICLE 75.-** The director can make use of the social services in equal conditions with the other associates.

contrary interest

When in a certain operation he has an interest contrary to that of the cooperative, he must inform the board of directors and the trustee and refrain from intervening in the deliberation and voting.

competing activities

You cannot carry out operations on your own or on behalf of third parties in competition with the cooperative.

Chapter VIII

PRIVATE AUDIT

Organ. Quality

**ARTICLE 76.-** Private supervision is in charge of one or more trustees elected by the assembly among the associates. No less than a number of substitutes will be chosen.

Term of office

The duration of the position cannot exceed three years.

reeligibility

They are reeligible if authorized by the statute.

supervisory commission

When the statute provides for more than one trustee, an odd number must be established. In this case, they will act as a collegiate body under the name of "Supervisory Commission". The statute must regulate its constitution and operation. He will keep a minute book.

Disabilities and incompatibilities

**ARTICLE 77.-** The following cannot be trustees:

- 1st. Those who are disqualified from being directors in accordance with article 64;
- 2nd. The spouses and relatives of directors and managers by consanguinity or affinity up to and including the second degree.

Reference to other standards

**ARTICLE 78.-** The provisions of articles 67 and 75 apply to the trustees.

attributions

**ARTICLE 79.-** The trustee's powers, without prejudice to those conferred by law and bylaws in accordance with his duties:

- 1st. Supervise the administration, for which purpose it will examine the books and documents whenever it deems appropriate;
- 2nd. Call, upon request to the board of directors, an extraordinary meeting when deemed necessary; and to an ordinary assembly when said body fails to do so once the legal term has expired;
- 3rd. Periodically verify the cash status and the existence of titles and securities of all kinds;
- 4th. Attend with voice the meetings of the board of directors;
- 5th. Verify and facilitate the exercise of the rights of associates;
- 6th. Report in writing on all documents presented by the board of directors to the ordinary meeting;
- 7th. To include in the agenda of the assembly the points that it considers appropriate;
- 8th. Appoint directors in the cases provided for in the last paragraph of article 65;
- 9th. Supervise liquidation operations;

10°.- In general, ensure that the board of directors complies with the law, the statute, the regulations and the assembly resolutions.

The trustee must exercise his functions in such a way that he does not hinder the regularity of the social administration. The control function is limited to the right of observation when the decisions signify, according to their concept, infringement of the law, the statute or the regulation.

In order for the challenge to be valid, it must, in each case, specifically specify the provisions that it considers violated.

#### Responsibility

**ARTICLE 80.-** The trustee is responsible for the breach of the obligations imposed by law and statute.

#### Documented performance

It has the duty to document its observations or requirements and, once the internal management has been exhausted, report the facts to the application authority and the competent local body. The constancy of your report covers the responsibility of inspection.

#### Audit

**ARTICLE 81.-** Cooperatives must have from their constitution and until the end of their liquidation with an external audit service in charge of a national public accountant registered in the respective registration.

The audit service can be provided by a higher grade cooperative or entity specially constituted for this purpose.

When the cooperative requests it and its economic condition justifies it, the audit will be carried out by the competent local body. In this case, the service will be free and the cooperative will be exempt from liability if it is not provided.

The audit can be carried out by the liquidator when he has the indicated professional quality.

#### special book

The audit reports will be prepared in accordance with the regulations issued by the application authority, will be at least quarterly and will be recorded in the special book provided for in article 38, paragraph 4.

#### CHAPTER IX

## OF INTEGRATION

Association between cooperatives

**ARTICLE 82.-** Cooperatives may associate with each other for the best fulfillment of their purposes.

Merger and incorporation

**ARTICLE 83.-** They can merge or incorporate when their corporate objects are common or complementary.

Fusion

When two or more cooperatives merge, they are dissolved without being liquidated and their authorization to operate will be withdrawn and their respective registrations cancelled. The new cooperative will be constituted in accordance with the provisions of this law and will take charge of the patrimony of the dissolved ones.

incorporation

In case of incorporation, the incorporated are dissolved without being liquidated. Their assets are transferred to the incorporator.

operations in common

**ARTICLE 84.-** The cooperatives may agree to carry out one or more operations in common, determining which of them will be the representative of the management and will assume responsibility before third parties.

federative integration

**ARTICLE 85.-** By resolution of the assembly, or of the board of directors ad-referendum of it, they can be integrated into higher grade cooperatives for the fulfillment of economic, cultural or social objectives.

Regime

Higher grade cooperatives are governed by the provisions of this law with the modifications of this article and those that result from their nature.

Minimum number of associates

They must have a minimum of seven associates.

Representation and vote



The statute must establish the system of representation and voting, which may be proportional to the number of associates, the volume of operations or both, provided that a minimum and a maximum are set to ensure the participation of all associates and prevent the exclusive predominance of some of them

## CHAPTER X

### DISSOLUTION AND LIQUIDATION

#### Causes of dissolution

**ARTICLE 86.- Dissolution** proceeds:

1st. By decision of the Assembly;

2nd. By reducing the number of associates below the legal minimum or that admitted by the application authority. The dissolution will proceed whenever the reduction lasts for a period of more than six months;

3rd. By filing bankruptcy. The dissolution will be without effect if an agreement or resolution concordat is entered into;

4th. By merger or incorporation under the terms of article 83;

5th. Due to the withdrawal of the authorization to operate, provided for in article 101, paragraph 4.;

6th. When appropriate by virtue of other legal provisions.

#### Dissolution Effects

**ARTICLE 87.-** Once the cooperative is dissolved, it will be immediately liquidated, except in the cases provided for in article 83. The cooperative in liquidation retains its personality for that purpose.

#### liquidating body

**ARTICLE 88.-** The liquidation is in charge of the board of directors, except as otherwise provided in the statute and the provisions of specific regimes established for certain activities. Failing that, the liquidator or liquidators will be appointed by the assembly within thirty days of the cooperative entering a state of liquidation. If the liquidators are not appointed, or if they do not perform the position, any associate may request the competent judge for the omitted appointment or a new election, as appropriate.

#### Notification of the appointment of liquidators

**ARTICLE 89.-** The application authority and the competent local body must be notified of the appointment of the liquidators within fifteen days of its occurrence.

Removal of liquidators

**ARTICLE 90.-** The liquidators can be removed by the assembly with the same majority required for their appointment. Any associate or the trustee may demand judicial removal for just cause.

inventory and balance

**ARTICLE 91.-** The liquidators are obliged to prepare, within thirty days of taking office, an inventory and balance of the company's assets, which they will submit to the meeting within the following thirty days.

The application authority may extend said deadlines for another thirty days.

Obligation to inform

**ARTICLE 92.-** The liquidators must inform the trustee, at least quarterly, about the status of the liquidation. If the liquidation is prolonged, annual balance sheets will also be prepared.

Powers and responsibility

**ARTICLE 93.-** The liquidators exercise the representation of the cooperative. They are empowered to perform all acts

necessary for the realization of the asset and cancellation of the liability in accordance with the instructions of the assembly, under penalty of incurring liability for damages caused by its non-compliance.

Performance

They will act using the corporate name with the addition "in liquidation", whose omission will make them unlimited jointly and severally liable for damages.

Reference to other standards

The obligations and liability of the liquidators are governed by the provisions established for the board of directors in matters not provided for in this chapter.

Balance final

**ARTICLE 94.-** Once the corporate liability has been extinguished, the liquidators will prepare the final balance, which will be submitted to the assembly with reports from the trustee and the auditor. Dissident associates

or absent may challenge it judicially within sixty days from the approval by the assembly.

#### Communication

Copies will be sent to the application authority and the competent local body within thirty days of approval.

#### Reimbursement of social fees

Once the final balance is approved, the nominal value of the social contributions will be reimbursed, deducting the proportional part of the losses, if any.

#### Destination of the patrimonial surplus

**ARTICLE 95.-** The excess assets resulting from the liquidation will have the destination provided for in the last paragraph of article 101.

#### Concept

Equity surplus is understood to be the total remainder of company assets once the debts have been paid and the nominal value of the company contributions has been returned.

#### Unclaimed amounts

**ARTICLE 96.-** The amounts not claimed within ninety days after the liquidation is completed will be deposited in an official or cooperative bank available to their holders.

After three years have elapsed without being withdrawn, they will have the destination provided for in the last paragraph of article 101.