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## **GENERAL REGULATION OF THE LAW OF COOPERATIVES No. 6,842 (of September 7, 1966)**

### **TITLE I nature and purpose**

#### **Article 1**

It will not be possible to approve the statute of a cooperative when its fundamental objective is not well determined or it does not meet the conditions and requirements indicated in the Law of Cooperatives and in this Regulation.

#### **Article 2**

Upon obtaining legal status, cooperatives may acquire, manage and dispose of any kind of property and carry out any act or contract aimed at fulfilling their purposes and defending their interests, in accordance with the norms established in the Law, this Regulation and the statutes. In addition, they will enjoy the benefits and exemptions that the Law and these Regulations grant them.

#### **Article 3**

Cooperatives will be governed by the universal principles of cooperativism and, especially, by the following: 1. Equal rights of members; 2. Free access and voluntary withdrawal; 3. Right of each partner to vote, elect and be elected; 4. Limited interest on contribution certificates, which in no case will be greater than 6% annually; 5. Distribution of surpluses in proportion to the volume of operations or the work done in the cooperative by each member; 6. Indiscriminateness and political, religious and racial neutrality; and 7. Variability of capital stock.

#### **Article 4**

Cooperatives are prohibited from:

a) Belonging to institutions whose purposes are in conflict with the cooperative principles and spirit or supporting attitudes contrary to them; b) Establish agreements, conventions or contracts with natural or legal persons, foreign to the institution, that allow them to participate in the privileges and benefits granted by the Law and this Regulation to the cooperatives; c) Carry out activities other than the objectives of the institution, indicated in the Law, this Regulation or its statutes; d) Grant preference or privileges to a particular partner, not even as initiator, founder or director; and, e) Require the new members to sign a greater number of certificates of contribution than those that the founding members have acquired since they joined the cooperative or that they contract with the institution any extraordinary financial obligation that the others have not contracted. partners.

#### **Article 5**

The provisions indicated in the previous articles apply, also for cooperative integration organizations, referred to in Title VII of the Cooperatives Law, in all that is applicable to them.

### **Title II Constitution and responsibility**

#### **Article 6**

No cooperative will be formed with less than eleven natural or natural and legal persons, or only three legal persons, with the exception of consumer cooperatives for basic necessities, referred to in article 83 of this Regulation, which must have a minimum of fifty partners.

#### **Article 7**

In order to establish a cooperative, a General Assembly must be held previously, attended by those interested in it, under the advice of a disseminator or expert in cooperative doctrine, who will make the attendees aware of the advantages of the cooperative system and the advantages of the cooperative. conveniences and possibilities of organizing the cooperative. In this Assembly, all problems and aspects related to the organization will be studied, and if the majority deems it convenient to form the cooperative, a Provisional Board of Directors will be designated, made up of a President, three Members, Secretary and Treasurer, who will

He will be in charge of formulating or having the statute drawn up, requesting its processing and obtaining legal approval.

#### **Article 8**

If the cooperative in formation does not have an adviser, it may request the respective Federation, the National Directorate of Cooperatives or an institution for cooperative promotion to send a diffuser, who will be in charge of illustrating and advising the General Assembly.

#### **Article 9**

In order to obtain the approval of the statute of the cooperative and its legal constitution, the Provisional Board of Directors must present the following documents to the Ministry of Social Welfare and Cooperatives: 1. A request for approval of the statute, addressed to the Minister of Social Welfare and Cooperatives; 2. A certification from the technician, broadcaster or promoter, who has advised the Cooperative, that their members are well aware of their objectives and that they have received sufficient doctrinal instruction; 3. A copy of the constitutive act of the General Assembly in which the Provisional Directorate has been appointed, with the list of its members; 4. The statute in three copies, clearly written, and which will contain the following specifications: a) Name, address and responsibility of the cooperative; b) Its purposes and field of action; c) The rights and obligations of the partners; d) Its internal structure and organization; e) Control and surveillance measures; f) The way to constitute, pay or increase the social capital; g) The beginning and end of the financial year; h) The use and distribution of surpluses; i) The causes of dissolution and liquidation of the cooperative; j) The procedure to reform the statute; and, k) Any other provisions deemed necessary for the proper functioning of the cooperative, as long as they are not contrary to the Law and these Regulations; 5. A certification from the Secretary, at the end of the statute, that it was discussed in three different sessions and approved; 6. Three copies of the list of founding partners, with the following specifications: name, address, marital status, occupation and nationality of each partner; number and value of the contribution certificates that you subscribe, amount that you pay in cash, the identity card number and your signature; 7. Certification from the competent authority, at the end of the list referred to in the previous number, that the members of the cooperative signed it in their presence. This certification may be issued by the Governor, the Political Chief, the Political Lieutenant or an official of the National Directorate of Cooperatives; 8. Proof of the bank deposit of at least 50% of the value of the contribution certificates signed by the partners; 9. In housing and agricultural cooperatives, the following will be added: a) A certificate from the Property Registrar on the assets that each partner has or the conjugal partnership, if married; b) A certificate, issued by the respective political authority, that the member resides in the place where the housing or agricultural cooperative works or will work; and, c) A socio-economic study of the cooperative members, to verify their amortization capacity; 10. In land transport cooperatives, which are not common cash, the certification that the cooperative member is a professional driver and owner of the vehicle that is going to contribute to the Cooperative will be presented; 11. In insurance cooperatives, the presentation of a favorable report from the Superintendency of Banks will be required; and, 12. Initial plan of work and financing of the cooperative. This plan will state: the kind of activities that the cooperative is going to develop; the initial capital that is required to carry out such activities, indicating the operating costs; the possible performance of the company in the period of one year, the way in which the capital will be increased, based on quotas, loans or capitalization of interests or benefits; the social, cultural and any other type of advantages that the partners will obtain and the future projections of the company, after the indicated period.

#### **Article 10** The

constitutive act, referred to in numeral 3 of the previous article, will be signed by all the founding members of the cooperative.

#### **Article 11**

The name of a cooperative must not coincide with that of another of the same line that is already approved by the Ministry of Social Welfare and Cooperatives, nor shall it correspond to the names of living persons, whether or not they are authorities.

#### **Article 12**

Once the requirements indicated in article 9 have been met, the Ministry of Social Welfare, through the National Directorate of Cooperatives, will proceed to carry out the necessary investigations to determine the socio-economic possibilities of the requesting group, and will verify the initial plan presented .

#### **Article 13**

Once the study of the cooperative's documentation has been carried out, the Ministry of Social Welfare, if it finds no legal impediment and the plan presented is viable, will issue within thirty days following the presentation of the application, the Approval Agreement of the statute granted by legal status, and will order the registration of the cooperative in the Registry that, for this purpose, will be kept by the National Directorate of Cooperatives.

#### **Article 14**

The date of registration in the Registry of Cooperatives will determine the beginning of their legal existence. Said Registry will contain the following data: a) Name and address of the cooperative; b) Group and class to which it belongs; c) Initially subscribed capital and paid-up capital; d) Number of founding partners; e) Date and registration number; and f) Signatures of the National Director of Cooperatives.

#### **Article 15**

Cooperative societies may opt for the following liability regimes: a) Limited liability; b) Supplemented responsibility; and c) Unlimited liability.

Limited liability commits only the capital contributed by the members to the cooperative. The supplemented liability, in addition to the capital contributed by the partners, commits the part of the personal assets of said partners to which the liability extends. And unlimited liability is one that not only commits the capital contributed by the members to the cooperative but also the personal assets of each one of them.

#### **Article 16**

In consumer cooperatives and in which there are underage members, legal entities or married women who are not separated or excluded from property, the institution's liability will always be limited to the share capital. In any case, the incapacitated will not be responsible but up to the amount of their contributions to the cooperative to which they belong.

### **TITLE III of the partners**

#### **Article 17 All**

persons indicated in article 11 of the Cooperatives Law may be members of a cooperative, with the following limitations: a) Minors under 18 years of age will need written authorization from their parent or guardian to belong to youth cooperatives; and b) Married women who are not separated or excluded from property will need the authorization of their husband to belong to housing, agricultural or family garden cooperatives and, in general, to those in which they acquire real estate.

#### **Article 18 The**

rights and obligations of the partners are those determined in the Law, in this Regulation and in the statute; among others: 1. Pay at the time of acquiring the contribution certificates at least 50% of their value; 2. Pay the balance of the documents referred to in the previous numeral, within the agreed term; 3. Attend the General Assemblies; 4. Comply with all its obligations to the cooperative; 5. Obtain from the competent bodies the reports related to the movement of the cooperative; 6. Enjoy all the benefits that the cooperative grants to its members; and 7. Vote, be elected and carry out the commissions entrusted to him.

#### **Article 19**

Husband and wife cannot be members of cooperatives of the same line or class, with the exception of those for consumption of basic necessities, savings and credit, insurance and education.

\*ADD: FOURTH

In article 19 of

the General Regulations, add "and land transport".

(DE-10324. RO 295: 17-I-68).

#### **Article 20**

The members of a cooperative that repeatedly infringed the provisions contained in the Cooperatives Law, in this Regulation or in the statute, or that were disruptive or disloyal to the institution, may be excluded from it.

**Article 21 A**

member of a cooperative can be excluded by resolution of the Board of Administration or the General Assembly.

**Article 22**

When the Board of Directors excludes a member of a cooperative, they will be notified, giving them the peremptory term of eight days, to agree to the exclusion or oppose it and present their appeal to the General Assembly, whose decision will be final. .

**Article 23**

When the General Assembly is the one that directly excludes the member, the latter may appeal the resolution to the National Directorate of Cooperatives, from whose decision there will be no appeal.

**TITLE IV**

**Internal structure and administration**

**Article 24**

Corresponds to the General Assembly:

a) Reform the statute; b) Approve the work plan of the Cooperative; c) Authorize the acquisition of goods or the alienation or total or partial encumbrance of them; d) Know the semi-annual balance sheets and the reports related to the progress of the cooperative, and approve or reject them; e) Decree the distribution of surpluses, in accordance with the Law, these Regulations and the statute f) Elect and remove, with just cause, the members of the Administration and Surveillance Councils, of the special commissions and their delegates before the any institution to which the entity belongs subject to what is prescribed in the statute g) Relieve the Manager of his duties, with just cause; h) Agree on the dissolution of the cooperative, its merger with another or others and its affiliation to any of the cooperative integration organizations, whose affiliation is not mandatory; i) Authorize the issuance of contribution certificates, and j) Resolve, on appeal, on the claims or conflicts of the partners among themselves or of these with any of the cooperative's agencies.

**\*Article 25**

When a cooperative has more than two hundred members, General Assemblies may be held through district, neighborhood, or parish delegates. In such cases, each district, neighborhood or parish will elect one or more delegates to represent it in the Assembly as provided by statute.

\*AMENDMENT: Article 1 When a Cooperative is made up of two thousand or more affiliates, the General Assemblies will be constituted, obligatorily, with representatives or delegates, who will be elected by the associates in personal, direct and secret voting, according to the numerical order of their affiliation, in the Records of the Cooperative, in the following form and proportion: a) Those that fluctuate between two thousand members and less than five thousand, will elect a main representative and a substitute, for each numerical series of one hundred members b) Those that they were constituted by five thousand members and less than ten thousand, they will elect a main delegate and a substitute, for each numerical series of two hundred members; and, c) Those that are formed by ten thousand members and less than twenty thousand, will elect a main representative and a substitute, for each numerical series of five hundred members; and, d) Those that have twenty thousand or more affiliates, will elect a principal delegate and two substitutes, for each numerical series of two thousand associates.

**Article 2 The**

ex officio members of the General Assemblies of delegates will be the members of the Administration and Surveillance Councils who are in the exercise of their duties.

**\*Article 3 The**

delegates or representatives to the General Assembly will remain in office for a period of one year, and may be reelected indefinitely.

\*AMENDMENT: Article 3 of Decree 2572-A, issued on June 7, 1978 and published in the Official Gazette No. 615, of the 25th of the same month and year, in the sense that the delegates or representatives to the Assembly General of the Cooperatives will last in their functions for a period of two years, being able to be reelected indefinitely.

(DS 3688-A. RO 892: 9-VIII-79).

#### Artnculo 4o

The call to the General Assembly of delegates or representatives will be made in accordance with the provisions of Article 32 of the Cooperatives Law and Arts. 28, 29 and 30 of the General Regulation of this same Law.

#### Article 5 The

General Assembly of Representatives will deal with the matters established in Article 31 of the General Regulations of the Cooperatives Law.

#### Article 6 The

Administrative Councils of Cooperatives that have two thousand or more members must prepare the corresponding Election Regulations within sixty days, counted from the effective date of this Decree and submit it to the approval of the National Directorate of Cooperatives.

Subsequently, when a cooperative reaches two thousand members, it will prepare the corresponding Election Regulations, within the indicated term.

(DS 2572-A. RO 615: 26-VI-78).

#### Article 26

The partner who, for just cause, cannot attend a General Assembly, may delegate his representation to another partner. This delegation will be given in writing, and no partner may represent more than one cooperative.

#### Article 27

In the Administration and Surveillance Councils and in the Commissions it will not be possible to delegate.

#### Article 28 The

summons to the General Assemblies, ordinary or extraordinary, will be signed by the President of the Cooperative, on his own initiative or at the request of the Board of Administration, the Supervisory Board, the Manager or a third part of the partners.

#### Article 29 If,

at the written request of the Administrative or Supervisory Boards, the Manager or a third party of the partners, the President refuses, without just cause, to sign the call, it may be signed by the President of the respective Federation or, in the absence thereof, the National Director of Cooperatives.

#### Article 30 In

the summons made for the General Assembly, in addition to indicating the agenda, time, place and date of the meeting, it may be indicated that, if there is no quorum for the appointed time, the partners will be summoned, for the second time, for one hour after the first summons; and the Assembly will be held with the number of partners that there are then.

#### Article 31

The General Assembly will deal only with the matters for which it has been summoned, and which must be included in the agenda; and, by no means, it will be possible to consider in "various matters" only the correspondence addressed to the institution will be read".

#### Article 32

When in a cooperative there are conflicts between the members or of these with the governing bodies, said conflicts will be ventilated, within a period of eight days, by the bodies indicated by Law; and if the parties are not satisfied with the resolution handed down, or there is no meeting of the corresponding body that should resolve the matter, the interested parties may appeal or resort to the General Assembly, within eight days. If the Assembly does not meet within fifteen days after the appeal, the claim may be filed with the National Directorate of Cooperatives, whose opinion will be defined.

#### Article 33

Corresponds to the Board of Directors: a) Dictate the general rules of internal administration of the company, subject to the Law, to this Regulations and the statute;

b) Accept or reject the applications for entry of new partners; c) Sanction partners who violate legal, regulatory or statutory provisions; d) Appoint and remove, with just cause, the Manager and Deputy Managers, Administrators, Heads of Office and bonded employees; e) Regulate the attributions and functions of the Manager and the technical and administrative staff of the

Cooperative;

f) Demand from the Manager and other employees who manage cooperative funds, the security that he deems appropriate; g) Authorize the contracts in which the cooperative intervenes, in the amount established by the statute; h) Authorize the payments whose approval corresponds to him according to the statute; i) Prepare the pro forma budget and work plan of the cooperative and submit them for consideration by the General Assembly; j) Submit to the approval of the General Assembly the annual report and the semi-annual balance sheets of the

cooperative, together with the opinion issued by the Supervisory Board; k) Submit to the consideration of the General Assembly the project of reforms to the statute; 1) Authorize the transfer of contribution certificates, which can only be done between partners or in favor of the cooperative; m) Meet once a week, and n) The other powers indicated by the statute.

**Article 34** The

Supervisory Board is responsible for: a) Supervising all economic investments made in the cooperative; b) Control the economic movement of the cooperative and present the corresponding report to the General Assembly; c) Take care that the Accounting is kept regularly and with due correction; d) Issue its opinion on the semi-annual balance sheet and submit it for consideration by the General Assembly, through the Board of Administration; e) Give the go-ahead or veto, with just cause, the acts or contracts in which assets or credit of the cooperative are committed when they are not in accordance with the interests of the institution or exceed the amount established in the statute; f) Meet once a week; and g) Any other powers conferred by the statute.

**Article 35**

The Administration and Surveillance Councils will have a variable number of members, according to the number of members that the cooperative has. Thus, in cooperatives that have the legal minimum, the Administrative Council and the Supervisory Council will have three members each. In the cooperatives that reach fifty members, the Administration Council will have five members and the Surveillance Council three. In the cooperatives that have more than fifty members and less than one hundred, the Administration Council will have seven members and the Surveillance Council three. And in cooperatives with more than one hundred members, the Administrative Council will have nine members and the Supervisory Board five.

**Article 36** The

General Assembly or the Administrative Council shall appoint the members of the special commissions; the same ones that will be composed of three members. These commissions will be for Credit, Education, Social Affairs or any other activity that the cooperative needs to develop.

**Article 37**

The Credit Commission is in charge of qualifying the loan applications of the partners.

**Article 38**

The Education Commission is the one that carries out the cultural and doctrinal formation of the members.

**Article 39**

The purpose of the Social Affairs Commission is to study and solve the social problems of the cooperative and its members.

**Article 40** The

other commissions will carry out the specific functions for which they have been created.

**Article 41**

The attributions and duties of the President of the Cooperative are:

a) To preside over the General Assemblies and the meetings of the Administrative Council and guide the discussions; b) Inform the members of the progress of the affairs of the cooperative; c) Call the General Assemblies, ordinary and extraordinary, and the meetings of the Administrative Council; d) To settle with his vote the ties in the voting; e) Open bank accounts with the Manager; sign, draft, endorse, and cancel checks; f) Sign the contribution certificates with the Manager; g) Preside over all official acts of the Cooperative; and h) Sign the correspondence of the Cooperative.

**Article 42** The

functions of the Secretary of the Cooperative are: a)

To keep the minutes books of the General Assembly and of the Administration Council; b) Keep the correspondence up to date; c) Certify with his signature the documents of the Cooperative; d) Keep the file orderly; and e) Perform other duties assigned by the Board of Administration, as long as they do not violate provisions of the Statute.

**Article 43** The

powers and obligations of the Manager are: a) To represent the Cooperative judicially and extrajudicially; b) Organize the administration of the company and be responsible for it; c) Comply with and make the partners comply with the provisions issued by the General Assembly and the Councils; d) Submit the corresponding security; e) Submit an administrative report and the semi-annual balance sheets for the consideration of the Administrative and Supervisory Councils; f) Provide all the data requested by the members or the organizations of the cooperative; g) Appoint, accept resignations and cancel the employees whose assignment or removal does not correspond to other organisms of the cooperative; h) Oversee that the accounting is carried out correctly; i) Sign the checks, together with the President; and j) The other functions that correspond to it, according to the statute.

**Article 44** The

salary set for the Manager of a cooperative will be in accordance with the social capital and the activity that said official has to develop in it.

**\*Article 45**

In cooperatives organized with the economic participation of the State in more than 50% of the social capital, the Manager may be appointed by the Executive.

\*REPEALED:

Article 3o

Article 45 of the General Regulations of the Cooperatives Law is expressly repealed.  
(DE 3549. RO 835: 18-XII-87).

**Article 46** The

Ministry of Social Welfare and Cooperatives may designate an administrator, who will pay the cooperative, when due to a lack of suitable personnel or due to divergence among members, the institution cannot carry out its activities normally.

**Article 47** The

Manager may not incur debts in the name of the Cooperative but up to the amount that the statute allows or the General Assembly authorizes; authorization that must be recorded in the minutes. If you proceed in contravention of these provisions, you will be personally liable to third parties.

## TITLE V

### Economic Regime

**Article 48**

The contribution certificates will contain the following specifications: 1. Name, class and domicile of the cooperative; 2. Date of its constitution; 3. Liability regime; 4. Name of the beneficiary partner; 5. Value of the certificate; 6. Date of its granting; and, 7. Signatures of the President, the Manager and the National Director of Cooperatives.

**Article 49** The

contribution certificates signed by the partners will be considered for accounting purposes, as paid in full, even if they were not paid but 50% of their value; but the cooperative will pay interest on the amount paid in cash. The delay in the payment of the installments of the certificates of contribution entitles the cooperative to collect interest of 10% per year.

**Article 50**

When the members of a cooperative contribute work in a place of capital, the part that is withheld from their emoluments or the total value of the work, as the case may be, will be accredited in favor of said members, who will periodically receive certificates of contribution by the amount they have accumulated.

**Article 51**

Only in the case of separation or death of a member or liquidation of a cooperative, the member's debts to the institution may be compensated with the value of their contribution certificates.

**Article 52**



The National Directorate of Cooperatives will keep a record, which will contain the data related to the issuance of contribution certificates made by the cooperatives, as long as the issuance has been made in accordance with the provisions of Article 48.

**Article 53**

Likewise, all cooperatives will also keep a record, which will contain the details of the issues and determine the members to whom the issued certificates have corresponded.

**Article 54**

Only in communal and agricultural cooperatives, formed with "communal owners" or with small owners, and in student and youth cooperatives, the certificates of contribution signed by the members may be of a value less than that indicated in Article 52 of this Law.

**Article 55**

Before distributing the surpluses, the administrative expenses of the cooperative, the amortization of the debt, machinery and furniture, in general, and the interests of the contribution certificates will be deducted from the gross profit.

**Article 56**

Once the deductions indicated in the previous article have been made, at least 20% of the net surpluses of the cooperative will be used to increase the irredistributable reserve fund, until equaling the amount of the capital stock, once this equalization is obtained, the increase in Reserve Fund will be made indefinitely, with at least 10% of such surpluses. Another 5% of it will be used for educational purposes, and a further 5% for welfare and social assistance, to which will also enter all the values paid by the partners, who do not have a specific destination according to the statute. The balance will be distributed among the partners, as established in Article 61 of the Cooperatives Law.

**Article 57**

Surpluses that come from operations with people who are not members, as in the case of consumer cooperatives for basic necessities that operate with the public, will increase the unredistributable reserve fund of the cooperative.

**Article 58**

Insurance cooperatives will not be subject to the provisions of the previous articles, regarding reserve funds, education, etc., but to the regulations of the General Insurance Law, its statutes and its internal regulations.

**Article 59** The

General Assembly of any cooperative can decide that the members are not paid interest, surplus or both, during a period of time, in order to capitalize the institution. But the cooperative must deliver to the partners the equivalent of such interest or surplus in certificates of contribution, prior to the deductions established in the Regulations.

## TITLE VI

### Classification of Cooperatives

**Article 60** In

accordance with articles 63 to 69 of the Cooperatives Law, different kinds of cooperatives can be organized in each of the four groups indicated in said articles.

**Article 61** In

the group of production cooperatives, the following classes can be organized: agricultural, fruit, wine-growing, family orchards, colonization, communal, forestry, livestock, dairy, poultry, insemination, beekeeping, fishing, artisanal, industrial, construction, artistic, and export and import.

**Article 62** In

the group of consumer cooperatives, the following classes can be organized: consumption of basic necessities, supply of seeds, fertilizers and tools, sale of materials and handicrafts, autonomous vendors, urban housing and rural housing.

**Article 63** In

the group of credit cooperatives the following classes can be organized: agricultural credit, craft credit, industrial credit, and savings and credit.

**Article 64**

In the group of service cooperatives, the following classes can be organized: insurance, transportation, electrification, irrigation, rental of agricultural machinery, silage products

agricultural, refrigeration and preservation of products, medical assistance, funeral, and education.

**Article 65**

Agricultural cooperatives are those dedicated to the joint production and sale of agricultural products. They may be made up of smallholders who individually maintain ownership of their farms or by farmers who maintain common ownership of the land.

**Article 66**

Fruit cooperatives are those whose purpose is the promotion of fruit production, and the conservation, transformation and sale of fruit or its derivatives.

**Article 67**

The viti-vinícolas cooperatives that are dedicated to the increase of the production of the grape and to the elaboration and sale of wines.

**Article 68**

The purpose of family orchard cooperatives is to purchase agricultural properties to divide them among their members, in smaller areas, not exceeding three hectares and not less than one thousand square meters, for the formation of small orchards or summer or rest farms .

**Article 69**

Colonization cooperatives are those that are organized on virgin lands of the State or individuals, for their rational exploitation, in accordance with the norms established by the Ecuadorian Institute of Agrarian Reform and Colonization.

**Article 70**

Communal or community development cooperatives are those that are organized in the countryside, in villages, farmhouses or peasant communities, in order to improve production and marketing systems, and raise the cultural, social and economic level of the members. of these communities.

**Article 71**

Forestry cooperatives have as their objective the reforestation of marginal or unsuitable areas for agriculture.

**Article 72**

Livestock cooperatives are those dedicated to the promotion and improvement of livestock in general, and to the use, transformation or sale of milk, meat and its derivatives.

**Article 73**

Dairy cooperatives or cooperative creamers are those formed by farmers; and their purpose is the pasteurization, industrialization and sale to the public of milk and its derivatives.

**Article 74**

Poultry cooperatives are those whose purpose is the production of poultry and eggs for sale to the public.

**Article 75**

The insemination cooperatives, natural or artificial, have the purpose of improving livestock with the use of fine breed stallions.

**Article 76**

Beekeeping cooperatives are those dedicated to the production, rental or sale of beehives, and to the extraction, transformation and sale of honey and beeswax.

**Article 77**

Fishing cooperatives are those formed by fishermen, with the aim of improving fishing systems and industrializing and marketing fish in common.

**Article 78**

Artisanal cooperatives are those constituted by artisans of the same branch or related branches, to modernize the production systems of their products, acquiring and using in common the tools, machinery and materials necessary for their work.

**Article 79**

Industrial cooperatives are those formed by professionals, workers or workers, for the establishment of industries, which are exploited in common, and in which the cooperators carry out the work typical of the industry.

**Article 80**

Construction cooperatives are those dedicated to producing materials for housing or public works, or constructing buildings, homes, roads, bridges, dams, and any architectural or engineering work.

**Article 81**

Artistic production cooperatives are made up of artists who are fond of fine arts, in order to promote them and make them known to the public through the most convenient means.

**Article 82**

Import and export cooperatives are those that import machinery, objects or products for the exclusive use of the cooperatives or their members; or they export the products that are obtained or elaborated by the national production cooperatives.

**Article 83**

Cooperatives for the consumption of basic necessities are those whose purpose is to sell to their members, under advantageous conditions of price, weight, size and quality, agricultural and industrial products necessary for the home.

**Article 84**

Cooperatives supplying seeds, fertilizers and tools are those that sell to their members these products and other analogues that are necessary for the best agricultural production.

**Article 85** The

cooperatives for the sale of handicraft materials and products have the purpose of providing their members with the materials and tools necessary for their work, and the sale, in warehouses or common deposits, of the articles or products that they make in their workshops. .

**Article 86** The

cooperatives of autonomous sellers have as their objective the acquisition, elaboration or production, common of the in products that the members sell individually.

**Article 87**

Urban housing cooperatives are those that provide their members with homes, professional premises or offices, owned or leased, both in cities and in urban centers or developable places.

**Article 88**

Rural housing cooperatives are those that are organized in the countryside or in places with little or no population, such as villages, enclosures, peasant communities or places of colonization, in order to provide housing for their members.

**Article 89**

Agricultural credit cooperatives are those whose purpose is to provide credit to their members for agricultural or livestock development or for the acquisition of seeds, fertilizers, tools or machinery for agriculture.

**Article 90**

Artisanal credit cooperatives with which they make loans to members for the purchase of materials, tools or machinery for the improvement of their individual workshops or their products.

**Article 91**

Industrial credit cooperatives are those that make loans to workers or workers to maintain or establish small industries or self-employed jobs.

**Article 92**

Savings and credit cooperatives are those that make loans to their members, who may belong to different activities, in order to solve different needs.

**Article 93**

Insurance cooperatives are those that insure against personal or patrimonial risks.

**Article 94**

Transport cooperatives are those that, by means of automobiles, boats, airships or other means of locomotion, provide the service of transporting passengers or cargo, by land, sea, rivers or air.

**Article 95**

Electrification cooperatives are those that provide electricity and electricity services to their members or to the community.

**Article 96**

Irrigation cooperatives are those whose purpose is to provide water to agricultural areas lacking or scarce in this element, through the construction of dams or canals, to use water that is not legally used by other people.

**Article 97**

Agricultural machinery rental cooperatives are those that lease such machinery to farmers who cannot own it, or carry out mechanized agricultural work on behalf of such farmers.

**Article 98** The

silage cooperatives of agricultural products are those that build silos for the technical storage of the agricultural products of the members.

**Article 99**

The refrigeration and product preservation cooperatives are those that, by means of common-use refrigerators, can preserve various kinds of members' products that require such treatment.

**Article 100**

Medical assistance cooperatives are those formed by professionals or individuals to provide their members or the community with medical or pharmaceutical services. These can be: pharmacies, dispensaries, clinics or cooperative hospitals.

**Article 101**

The purpose of cooperative funeral homes is to provide members or their families with mortuary services.

**Article 102** The

educational cooperatives have the purpose of creating and maintaining schools, colleges or other technical instruction or training establishments that benefit the community.

**Title VII**

**Cooperative Integration Organizations**

**\*Article 103** The

National Federations of Cooperatives will be constituted with a minimum of twenty cooperatives, from at least seven different provinces; with the exception of the fishing cooperatives, which may form the Federation with a minimum of twelve cooperatives from four different provinces.

\*REMODELING:

"Cooperatives that are dedicated to the promotion of certain products or operations that are only achieved in certain regions of the country are also excepted from the general provision, since these cooperatives may form the Federation with a minimum of 21 members, even when they do not include the stipulated number of seven provinces".

(A 7558. RO 108: 18-IV-67).

**Article 104** The

fundamental activity of a cooperative will determine its classification and the Federation to which it must belong, according to the Law and this Regulation.

**\*Article 105** The

National Federations will aim to unify and promote the cooperative movement of their line, for which they will develop the following activities in favor of their affiliates: a) Defend their interests and resolve conflicts that arise in or between cooperatives; b) Offer advice and technical assistance in general and establish the bases of the economic policy of its affiliates; \*c) Establish accounting auditing and oversight services, through the Oversight Unions; \*AMENDMENT: Article 1 Reforms the General Regulations of the Cooperatives Law, issued by the President of the Republic, through agreement No. 6842 of September 7, 1966 and published in the Official Gazette No. 123 of the 20th of the same month and year, in the following terms: In Arts. 115 and 105 letter c) of the General Regulations of the Cooperatives Law, replace the expression "Investigation Unions" by the expression "Investigation Units".

(DS 312. RO 82: 10-XII-84) d)

Promote cooperative education programs; e) Plan and coordinate their financial and economic activities; f) Improve and unify its administrative and accounting standards;

g) Ensure that the legal and statutory provisions are correctly applied, intervening before the respective authorities so that the sanctions imposed on their affiliates are sanctioned or reviewed; h) Provide them with economic services; for which it may sponsor the formation of credit organizations or manage internal or external loans for the realization of the programs of the cooperatives; i) Establish relations with national and international cooperative organizations and manage their aid; j) Promote the organization of cooperatives of their respective class; k) Organize the Congress of Cooperatives of its line, and l) Carry out any other activity according to its nature and objectives.

#### **Article 106**

Prior to their affiliation with the respective Federation, the cooperatives must pay an entry fee and, subsequently, an annual fee for each member, in addition to those other contributions indicated in the Federation's statute.

#### **Article 107**

The National Confederation of Cooperatives will be integrated by all the National Federations and the cooperatives of the lines in which, due to not reaching the necessary number, they have not been constituted as a Federation.

#### **Article 108** The

National Confederation of Cooperatives will have the following purposes: a) Guide the national cooperative movement towards a policy of unification; b) Organize specialized departments for the study and planning of educational, economic and financial activities and of its affiliates; c) Promote the exchange of relations between the cooperative entities of the country and foreign cooperative organizations; d) Establish relations with cooperative institutions from other countries and manage their advice or the provision of services to the Ecuadorian cooperative movement; e) Obtain from the public authorities the support for the solution of the social, economic and educational needs of the cooperative movement; f) Advise the National Federations of Cooperatives on matters related to their organization; g) Intervene before public and private organizations, national and foreign, on behalf of the national cooperativism; h) Cooperate with official and private organizations in the promotion and development of the cooperative movement; i) Avoid competition in the activities of the federations; j) Organize the National Congress of Cooperatives; k) Fulfill the other purposes of its nature.

#### **Article 109**

When the National Confederation of Cooperatives is formed, the National Federations will deliver twenty percent of their total income to the Confederation, for the development of its activities, apart from the contributions established in the Confederation's statute.

#### **Article 110**

The Unions and Associations of Cooperatives may be local, provincial or interprovincial. But, in the case of housing and transportation cooperatives, the Unions will always be provincial, in order to achieve a more effective work in their plans, and also may have representation in the respective Federation, with the right to as many votes as there are cooperatives.

#### **Article 111**

For the best fulfillment of their purposes, the Unions and Associations of Cooperatives will develop the following activities: a) Unification of the means of exploitation, prices and qualities of their products or services; b) Strengthening and defense of its interests and objectives; c) Coordination of their activities; and, d) Improvement of the services provided by these cooperatives to their members.

#### **Article 112** The

Unions, Associations, Federations and the National Confederation of Cooperatives will have in their internal structure the same organisms as the primary cooperatives, and may, in addition, establish the offices and agencies that are necessary for the integration of the affiliated cooperatives and efficiency in the services they provide.

#### **Article 113** The

Department Stores that Federations, Unions or Associations of Cooperatives can establish for their supply or sale of their products are Supply or Product Sales Centrals.

#### **\*Article 114**

Inspection Unions are the auditing and inspection bodies that the National Federations of Cooperatives must set up for the control and economic inspection of their affiliates.

\*REMODELING:

Article 1

Reform the General Regulations of the Cooperatives Law, issued by the President of the Republic, through agreement No. 6842 of September 7, 1996 and published in the Official Gazette No. 123 of the 20th of the same month and year, in the following terms: In Arts. 115 and 105 letter c) of the General Regulations of the Cooperatives Law, replace the expression "Investigation Unions" by the expression "Investigation Unions" by the expression "Investigation Units".

(DS 312. RO 82: 10-XII-84).

#### **Article 116**

Five or more cooperatives from the same sector of the country may organize a Local Cooperative Credit Fund.

#### **Article 117**

Five or more local Savings Banks from the same province may organize the Provincial Credit Union or, failing that, twenty cooperatives from a province may directly organize the Provincial Credit Savings Bank, even if there are no Local Savings Banks.

#### **Article 118**

Seven or more Provincial Funds of Cr ydtio Cooperativo may organize the Central Fund of Cooperative Credit.

#### **Article 119**

Local Cooperative Credit Funds can be organized with any type of Cooperatives; but said Savings Banks must necessarily affiliate to the Provincial Savings Bank and the provincial ones to the Central Savings Bank, which will be only one in the country.

### **Title VIII**

#### **Promotion and supervision**

#### **\*Article 120**

The purposes and powers of the National Cooperative Council are: a) Promote the development and integration of the cooperative movement; b) Study the problems that hinder the advancement of cooperatives in Ecuador and plan their solutions; c) Carry out cooperative education plans and courses at the national level; d) Edit manuals, brochures and propaganda, in general, of the cooperative system; e) Authorize and coordinate the programs of the different national and foreign entities that promote the development of the cooperative movement; f) Present the projects and suggest the legal reforms that are convenient for the progress of the cooperative movement; g) Collaborate in the national programs of social and economic development; h) Formulate the shortlist of those who can perform the functions of Executive Director of the National Cooperative Council and National Director of Cooperatives; i) Promote the organization of cooperatives, and j) Carry out other complementary activities for the best fulfillment of its objectives.

\*AMENDMENT: Article 1 Amend Article 120 of the General Regulations for Cooperatives, which will read as follows: "**Article 120** The powers of the National Cooperative Council are: a) Promote the development of the National Cooperative Movement; b) Study the problems that hinder the advancement of the cooperativism in Ecuador and program its solutions; c) Establish the policy and line of action that the cooperative movement must follow, so that it is executed by the respective organisms; d) Literal c) Establish the policy and line of action that the cooperative must follow cooperative movement, to be executed by the respective agencies; d) Coordinate the programs of the different national and foreign entities that promote the development of the cooperative movement; e) Formulate the national cooperative development plan f) Formulate the necessary legal reforms, to the best development of the national cooperative system; and, g) Present the study and resolution of the Minister or Social Welfare and Cooperatives the shortlist of people who can perform the functions of National Director of Cooperatives and Executive Director of the National Council.

(DS 1275. RO 164: 23-IV-69).

**\* Article 121**

The National Directorate of Cooperatives of the Ministry of Social Security will have the following attributions: a) Approve the statutes of cooperatives and other integration organizations of the movement and their reforms, as well as of the institutes and private establishments that are dedicated to the teaching of the cooperative doctrine to the promotion of this system; b) Approve the work plans of all cooperative organizations, reform them or veto them if necessary.

case;

c) Formulate and present to the approval of the Ministry of Social Welfare the special regulations that it deems essential to issue for the application of the Law; d) Carry out the dissolution or liquidation of cooperative organizations, in accordance with the Law, or intervene in them when there is no possibility of settlement or understanding between the partners, or when the organization malfunctions; e) Carry out the census and elaborate the statistics of the cooperative movement, to evaluate its operation and development; f) Approve the accounting system that cooperatives must keep; g) Supervise and examine the accounting of all cooperatives and organizations of integration of the movement; h) Give technical advice to the cooperatives; i) Coordinate cooperative development plans; j) Supervise and apply sanctions to the responsible cooperatives, leaders or partners, if appropriate; and, k) Take steps before public and private organizations, national and foreign, for the benefit of the cooperatives, when they request their intervention.

\*Academy:

Artunculo 2o

To Article 121 of the General Regulation of Cooperatives, add the following literals: Literal... Promote the integration of the national cooperative movement, in accordance with the plan formulated by the National Cooperative Council.

Literal... Carry out cooperative education plans and courses at the local, regional and national level.

Literal... To carry out dissemination programs of the cooperative system through all the means and organs of collective dissemination.

Literal... Foster the organization of model cooperatives and of all classes or lines provided for in the respective Law; and Literal... Enter into agreements with national and international organizations tending to achieve the best execution of their programs.

(DS 1275. RO 104: 23-IV-69).

**\*Article 122 The**

National Cooperative Council and the National Directorate of Cooperatives will have the following resources to carry out the activities consigned in the Cooperatives Law and this Regulation: a) The items that in the National Budget of the Republic must be included annually, and that they will be increased in each fiscal period; b) The product of the sums collected by the application of fines, according to the Law of Cooperatives and this Regulation; c) Subsidies and subsidies granted to these organizations by public or private, national or foreign institutions; d) Donations and legacies made to such organizations; e) The product of the taxes that will be created in his favor; f) The donations, legacies, subsidies and reserve funds of the liquidated cooperatives and, in general, all the irredistributable funds between members of said cooperatives, that do not have a specific destination; g) Resources from international agreements; and, h) The product of the sale of publications made by the National Cooperative Council and the National Directorate of Cooperatives and the surpluses of the courses carried out by these organisms.

\*AMENDMENT:

Article 3 Article

122 of the General Regulation of Cooperatives will say: "**Article 122**

The National Cooperative Council will dispose of the following resources to carry out its purposes: a) From the items that must be included in the annual State Budget; b) Of the subsidies and subsidies that were agreed in their favor by public or private institutions;

Artnculo 4o

After Article 122, add an article that reads: "Article... The National Directorate of Cooperatives will have the following resources available for the fulfillment of its purposes: a) Of the items that must be included annually in the National State Budget; b) From the proceeds of the amounts collected from the application of fines in accordance with the Cooperatives Law and this Regulation; c) From the grants and subsidies that were granted to the Management by public institutions or

private, national or foreign; d) Donations and legacies made in his favor; e) The product of the taxes that will be created in his favor; f) Inheritances, legacies or donations made in their favor, reserve funds of the liquidated cooperatives and in general, all irredistributable funds among the members of said cooperatives, which do not have a specific destination; g) The resources from international agreements and the proceeds from the sale of publications, services and surpluses from the courses carried out by this Entity.

(DS 1275. RO 164: 23-IV-69).

**\*Article 123** The

participation of the National Cooperative Council and the National Directorate of Cooperatives in non-budgetary resources will be carried out in equal parts. Said resources will constitute the National Cooperative Education Fund.

\*REMODELING:

**Article 123**

The resources that were not budgeted, will constitute the National Fund for Cooperative Education, the same that will be administered by the National Directorate of Cooperatives".

(DS 1275. RO 164: 23-IV-69).

## **TITLE IX Dissolution and liquidation**

**Article 124**

When, for any of the reasons indicated by the Law, the General Regulation or the statute, the Liquidation Agreement of a cooperative is issued, in the same Agreement the liquidator will be designated, and, once he has taken office, those who until then have administered The cooperative will deliver, through an inventory, all the assets, accounting books and other documents of the institution.

**Article 125** The

liquidator of a cooperative will be the one who carries out and signs the notifications, inventories, collections, registrations, sales, assignments, settlements, extensions, leases, publications and rulings required by the legal procedure of the liquidation.

**Article 126** The

liquidator is obliged to legalize with his signature all the vouchers, and will be responsible for the accounts and funds of the liquidation, even for minor negligence.

**Article 127** The

funds of the cooperative in liquidation will be deposited in a Cooperative Bank, in the places that exist, or in the Banks of the Development Credit System. Each account will bear the name of the cooperative that is liquidated.

**Article 128** The

liquidator will notify, through a publication in one of the newspapers with the largest circulation in the province, or through posters placed in visible places of the domicile of the province, or through posters placed in visible places of the domicile of the cooperative, to all persons who may have claims against it, in order for them to present and justify them with the respective evidence, within a period of thirty days from the date of notification.

**Article 129** In

addition to the publication referred to in the previous article, the liquidator shall notify the creditors that appear in the books of the cooperative in liquidation, through personal communications.

**Article 130**

The assets and collections of the cooperative in liquidation will cover, in the first place, the expenses of the liquidation. The liquidator's fees will be regulated by the National Director of Cooperatives, taking into account the amount of the liquidation.

**Article 131** The

assets of the liquidated cooperative, once its obligations have been satisfied, will be distributed among the partners, in proportion to the contribution certificates that each one possesses.

**Article 132**

If, after paying the members the value of their certificates of contribution, there remains a balance, it will go to increase the National Fund for Cooperative Education.

**Article 133**



If the assets of the cooperative in liquidation are less than the obligations it has with third parties, the procedure established by the Code of Civil Procedure for bankruptcy will be followed.

**Article 134**

The liquidator is obliged to periodically inform the National Directorate of Cooperatives about the liquidation process, without prejudice to providing, at any time, the data requested by said agency.

**Article 135**

When the bankruptcy of a cooperative is evident or its assets are very reduced, a liquidator will not be designated, but a commission of the same cooperative, which will carry out the liquidation. Furthermore, if such thing is not possible, the National Directorate of Cooperatives or the respective Federation will intervene in the liquidation of said cooperative.

**Article 136**

In the lawsuits that are followed in the liquidation of the cooperatives, judicial depositories may be designated for embargoes, kidnappings or retentions, and bailiffs for the practice of these proceedings.

**Article 137**

When the liquidator of a cooperative is not a lawyer, said liquidator shall appoint one to lead the trial. He will receive up to 10% of the collections for his fees.

**TITLE X**

**Benefits and penalties**

**\*Article 138**

Cooperatives that wish to make use of the privileges granted to them in letters f) and g), of article 103 of the Cooperatives Law, must submit an application to the Ministry of Social Welfare, through the respective Federation or, in case if this organization does not exist, directly to the Ministry, which, if there is a favorable report from the National Directorate of Cooperatives, will process the request before the Ministry of Finance, reserving the right to control when it sees fit, the use made of such privileges.

**\*ADD: Article 1**

To Article 138 of the General Regulations of the Cooperative, add the following subparagraph: "Also, to make use of the exemption contemplated in literal d) of Article 103 mentioned above, it will be sufficient to present a favorable report from the National Directorate of Cooperatives and a certification of the same on the constitution and existence of the contracting cooperative and on its legal representatives; report and certification that will be added to the respective deed as enabling documents".  
(A 183. RO 31: 15-X-68).

**Article 139**

When, according to Article 110 of the Cooperatives Law, a cooperative or movement integration organization must be intervened, the Ministry of Social Welfare will issue an Agreement, which will state the reasons for which it proceeds to the intervention, and the National Directorate of Cooperatives will be authorized to designate a Comptroller, who will have the necessary powers to direct the institution, until the situation is normalized.

**Article 140**

The comptroller appointed by the National Directorate of Cooperatives will convene an Extraordinary General Assembly of the institution intervened, to try to regularize its operation. Said Assembly will elect new governing bodies, if necessary.

**Article 141** If

the situation does not normalize immediately, the controller may designate administrators and more employees that he deems necessary, and will replace the President, the Manager and the Administrative and Supervisory Councils in all their duties.

**Article 142** The

intervention will end when the operation of the cooperative is definitively regularized; for which a new agreement will be issued, indicating the individual.

**Article 143**

The intervention will have a maximum duration of ninety days, which may be extended by the National Directorate of Cooperatives, depending on the circumstances.

**Article 144**

During the intervention, all acts or contracts of the cooperative must necessarily be

authorized by the Controller.

**Article 145**

The Comptroller will be responsible, even for minor negligence, for the administration entrusted to him; of which he will give a detailed account to the National Directorate of Cooperatives and to the General Assembly of Members.

**Article 146**

If the term for the intervention or its extension has expired, the operation of the cooperative is not regularized, the National Directorate of Cooperatives will decree the liquidation of the entity.

**Article 147** The

Ministry of Social Welfare, through the National Directorate of Cooperatives, will impose pecuniary sanctions, in the following cases: 1. From one hundred to five hundred sucres, to the managers of the cooperatives, each time they do not send the semi-annual balances or the reports that were requested by the National Directorate of Cooperatives; 2. From one hundred to one thousand sucres, to the Managers and administrators of the cooperatives that lack or exceed the powers established in the Law, in the regulations or in the statutes; 3. From two hundred to two thousand sucres, to persons who obstruct, in any way, the inspection by the National Directorate of Cooperatives, of cooperative organizations, and 4. From one hundred to one thousand sucres to the leaders and administrators of the Societies and cooperative organizations that infringed legal, regulatory or statutory provisions that do not have a special sanction.

**Article 148** The

finer referred to in the previous article will be paid by the penalized officials or partners out of their own money and not from the assets of the cooperative.

**Article 149**

In case of recidivism, those responsible will pay double the fine.

**Article 150** The

finer imposed by the Ministry of Social Welfare, through the National Directorate of Cooperatives, on individuals, entities, cooperative organizations, their leaders or members, will be paid into the special account of the National Fund for Cooperative Education It will open in the Banco de Cooperativas, and on which the Director of the National Cooperative Council can turn.

**Article 151** In

addition to the sanctions that, in accordance with the Law and this Regulation, the Ministry of Social Welfare may apply to cooperative organizations, the leaders or members of said institutions, it may impose moral sanctions on offenders, such as suspension temporary or separation of said leaders or partners.

**TITLE XI**  
**special provisions**

**Article 152**

Agricultural cooperatives will be formed exclusively by farmers or technical people in agriculture.

**Article 153**

It will not be possible to establish agricultural cooperatives between co-owners of a farm, when the manifest objective of organizing in a cooperative is to avoid paying taxes.

**Article 154** A

person who belongs to a "colony", "commune" or peasant community may not be a member of an agricultural cooperative, if the cooperative is organized on land located in a different place than that occupied by said colonies, commune or community, unless that person waives their rights in those organizations.

**Article 155**

Similarly, whoever has properties of equal or greater value or extension than the proportional part or quota that would correspond to him as a member of said cooperative may not belong to an agricultural cooperative, formed to acquire land. In any case, in agricultural cooperatives that are formed on State land or on land purchased from private individuals, those who, being farmers, do not have their own land, will be preferred as members.

**Article 156**

Agricultural cooperatives or family orchards that acquire, under any title, previously exploited land, will be obliged to accept as members agricultural workers or squatters, residents

in those properties, which manifest their willingness to cooperate.

If the application for admission is rejected, the interested party may appeal to the Ministry of Social Welfare and Cooperatives to resolve what is appropriate.

**Article 157**

When an agricultural or family orchard cooperative is organized on a property where there are squatters, and they do not want to join the cooperative, their precarious possessions will be respected, which may not be alienated in favor of those cooperatives.

**Article 158** In

agricultural cooperatives and family orchards that acquire properties to parcel them out among their members, efforts will be made to ensure that the plots are homogeneous in terms of size and quality of the land. Likewise, with regard to the waters that legally belong to the properties in which the aforementioned cooperatives are formed, the distribution will be made taking into account the area that corresponds to each partner.

**Article 159**

Given their nature, agricultural cooperatives and family orchard cooperatives will be exempt from the obligation to leave green spaces, nor will they be subject to municipal ordinances regarding urbanization.

**Article 160**

If colonization or agricultural cooperatives are organized, of common property, on State lands or on lands purchased or expropriated from entities or individuals, no part of the property may be parceled out until it is fully paid. The partner who separates from a cooperative of this class, before the division is made, can only claim his economic contributions and the proportional part that there is of profits. As they are colonization cooperatives formed on State lands, said lands will revert to national patrimony if the cooperative is dissolved.

**Article 161**

When a partner dies before the division referred to in the previous article is carried out, one of his heirs may replace him in his rights as long as there is an agreement with the other heirs. Otherwise, the assets of the deceased member will be liquidated as established in Article 23 et seq. of the Cooperatives Law and the provisions of this Regulation.

**Article 162** In

all agricultural, colonization and family orchard cooperatives, the surface area of land that the cooperative wishes to acquire will be previously determined, and an inventory of the movable, immovable and livestock assets that exist on the property will be made. In addition, for the approval of its statutes, a favorable report from the Ecuadorian Institute of Agrarian Reform and Colonization will be required. Agricultural production cooperatives are excepted from this provision, whose members contribute to them only the production of land or farms that they have owned since before the cooperative was formed.

**Article 163** With

the exception of import and export cooperatives, all cooperatives in the production group may establish warehouses or warehouses for the sale of their products to the public.

**Article 164**

No person may be a member of a housing cooperative if he or his spouse owns a house or room where they can live with their family in humane conditions. An exception is made in the case of people who, having acquired a house through Social Welfare Funds, cannot live in it, because the amortization compromises more than 30% of their total income, and provided that it does not exceed two thousand sucres.

**Article 165**

Housing cooperatives that build premises or offices for their members are also excepted from the provision of the previous article, since, in this case, the member of such cooperatives can be the owner of a house or belong to a housing cooperative, without there being any incompatibility. .

**Article 166** A

cooperative member may not own more than one house, apartment or plot of land in a housing, agricultural or family garden cooperative, not even in the head of their unmarried minor children or another person.

**Article 167** In

housing cooperatives it may be agreed that the houses or apartments belong to the cooperative. The cooperative member will only be considered a user of the house or apartment that they are occupying, until the debt has been fully covered or the mortgage relief insurance has become effective, in the event that the member or the cooperative has opted for such insurance. But no one may be forced to change their house or apartment, once the lottery has been made, and, in such a case, they will be considered a possessor according to the law.

**Article 168** The

members of the housing cooperatives may not divide among themselves the real estate that is the common property of the entity. In case of dissolution, said properties will be sold at public auction. The partners will have preference for the adjudication of the houses occupied by them, in equal conditions with third parties.

**Article 169** The

housing cooperatives whose purpose is to rent houses or apartments to their members, will invest the value of the leases in repaying their debt, and the surplus will be dedicated to carrying out new constructions.

**Article 170**

Agricultural, family orchard and housing cooperatives may have a limited number of members according to the land area or the number of houses or apartments they have.

**Article 171** The

rural housing cooperatives will not be obliged to comply with the urbanization requirements indicated in the municipal ordinances.

**Article 172**

In housing cooperatives, the spaces required by the municipalities in urbanizations must be in charge of those who sell the land to said cooperatives.

**Article 173** In

urban housing cooperatives, all lots will always have the same surface area, except in the case that the cooperative is made up of people from different economic groups, among which the surfaces vary. But, in the same block or group there may not be batches of different sizes, unless the difference is very small or due to technical aspects.

In any case, for the conformation of the lots, the report of the National Federation of Housing Cooperatives, the Housing Bank or any housing planning body will be used.

**Article 174**

The lots in the housing cooperatives, in the agricultural ones and in those of family gardens will always be awarded by lot, with the concurrence of a delegate of the National Directorate of Cooperatives, who will establish a detailed act of the individual, determining the boundaries of each property. .

**Article 175** The

minutes referred to in the previous article will be approved by Agreement issued by the Ministry of Social Welfare, together with the minutes of adjudication of the properties, made by the cooperative to the members; agreement in which, in addition, the protocolization and registration will be ordered. Said inscription will serve as a domino title.

**Article 176**

Consumer cooperatives for basic necessities may operate with the public when they have not been established for the benefit of a certain group of people.

**Article 177**

The credit cooperatives will be formed based on the capital contributed by the members and the savings and deposits they make in said institutions.

**\*Article 178** The

savings of the members in the credit cooperatives will earn the interest that the statute of the cooperative or the Federation establishes, which, in no way, will be higher than 6% per year.

**\*AMENDMENT:**

**Article 178** The savings of the members in the Credit Cooperatives will earn the interest set by the Statute of the Cooperative or the Federation, which in no case will be higher than the maximum 10% legally set by the Monetary Board for private or commercial Credit Institutions. (DS 0749. RO 128: 2-XII-70).

**\*Article 179**

Credit unions will not charge more than 10% per year on fixed-term loans, and 1% per month on the balance on other loans.

**\*AMENDMENT:**

**Article 179** Credit Unions will not charge more than 1.2% for monthly amortization loans and 12% annually on fixed-term loans or the maximum interest that the Monetary Board subsequently authorizes to Credit Institutions. Private or Commercial Credit. (DS 0749. RO 128: 24-XII-70).

**Article 180 A**

member may not be a debtor of a credit cooperative for a total that exceeds 10% of the capital of the cooperative.

**Article 181**

The indication of the amounts, repayment terms and other requirements for the granting of loans in credit cooperatives will be made in the statute or in the regulations of the institution.

**Article 182**

The credit cooperatives will convert at least a part of the members' savings into contribution certificates, which will accrue the interest indicated by the statute.

**Article 183**

Transport cooperatives will be subject, as far as their specific activities are concerned, to the General Traffic Law, which will regulate their itineraries and more aspects related to traffic.

**Article 184**

Transport cooperatives can be established, either based on a common capital contributed by the partners, with which the unit or units will be acquired, which will be owned by the cooperative, or based on the contribution of one unit for each partner.

**Article 185**

When the transportation cooperative is made up of units contributed by the partners, they may retain ownership of them; except in the case that the Assembly resolves, by majority vote, that all the units enter the common property of the cooperative.

**Article 186 In**

all automotive ground transportation cooperatives in which the members keep their vehicle as property, said members will always be professional drivers and will manage their own units.

**Article 187**

When, due to the long duration of the workday or illness, the member of a ground transportation cooperative cannot permanently drive his vehicle, he may use the services of an assistant; previously requesting authorization from the Board of Directors of the Cooperative.

**Article 188 Two**

or more professional drivers may own the same vehicle and enter as partners in the transport cooperative with that unit.

**Article 189 In**

no transportation cooperative a member may have more than one unit, under no circumstances, not even at the head of third parties. If so, this will be considered fraud, and will also be a reason for the exclusion of the member or dissolution of the cooperative.

**Article 190 The**

assistants, collectors, mechanics and more people who work in the transport cooperatives can enter the cooperative as members, fulfilling the requirements determined by the statute.

**Article 191**

Neither the managers, nor the trustees nor any other official or employee of a land transport cooperative, or person who is not a member of it, may have or use a vehicle in the cooperative, even at the head of third parties. Failure to comply with this provision will be grounds for dissolution of the cooperative.

**Article 192**

Persons belonging to the Police or Transit offices may not be members of a land transportation cooperative.

**Article 193 No**

transportation cooperative may lease its vehicles to third parties to do business with them. If this happens, this will be grounds for the dissolution of the cooperative.

**Article 194 A**

cooperative of any nature may have its own transportation for the exclusive use of its members or for their services, and may not be subject to shifts like an ordinary company.

**Article 195**

Student cooperatives will be organized in order to instill a sense of saving and develop the ideals and spirit of cooperation among students, and will be made up of students from

primary, secondary or special education establishments, advised and directed by teachers who have knowledge in the matter.

**Article 196**

The student cooperatives will be able to adopt any of the forms of cooperation that are in accordance with their condition, and must especially supply the members with study materials and objects for personal use. The legal representative of this class of cooperatives will be a teacher, who, in addition, will be in charge of the cooperative education of the members.

**Article 197**

Youth cooperatives may be established with children under the age of eighteen who carry out work on their own account or for others, provided that the cooperative is sponsored by two legally capable persons, who agree to exercise the same management and advisory functions that teachers perform in the cooperatives. students.

**Article 198**

The national insurance cooperatives may contract all kinds of insurance with the cooperatives, with their members or with individuals, being able to carry out those activities that are allowed to the insurance companies, as long as they do not oppose the principles of cooperation.

**Title XII**  
**General disposition**

**Article 199**

In each of the four groups referred to in Article 63 and following of the Cooperatives Law, other kinds of cooperatives may be organized, which are not included in the classification of Title VI of this Regulation, provided that they are constituted in accordance to the Law of Cooperatives, and previous approval of the Ministry of Social Welfare, which will incorporate the new class in the corresponding group, regulating its constitution and requirements, if necessary.

**Article 200**

Once the objective for which a cooperative was established has been fulfilled, it may continue to provide members with the additional services referred to in article 70 of the Law, without the need to modify its statutes.

**Article 201**

20% of the Reserve Fund and 5% of the Education Fund of all cooperatives will be mandatorily deposited in a Cooperative Bank. The Reserve Fund may not be used by the depositing institution but only for retraining and expansion of its activities, with the authorization of the National Directorate of Cooperatives.

**Article 202**

The Education Fund will be deposited in a special account, in a Cooperative Bank, by order of the National Cooperative Council, for cooperative education programs in the Country.

**Article 203**

When the Federations carry out cooperative education programs, they may participate up to 50% of the income obtained by the National Cooperative Council, for 5% of the Education Fund, coming from the cooperatives of the respective line.

**Article 204** The

members who separate or who are excluded from a cooperative may claim what corresponds to them of the capital gain, if any, of the common goods acquired with contributions from all the members, or of those that have been assigned and returned to them. the cooperative, with the deductions indicated in Article 56.

**Article 205** The

President of the Board of Administration and the Manager of the Cooperative are obliged to send copies of the annual report and semi-annual balance sheets, respectively, to the National Directorate of Cooperatives and the respective Federation.

**Article 206** The

Managers are obligated to notify the National Directorate of Cooperatives and the corresponding Federation of the entry, exit or expulsion of members, each time they occur, indicating the causes and the procedure followed.

**Article 207**

Officials or members of a cooperative or of a movement integration organization found guilty of mismanaging the institution's funds may not belong to any cooperative institution.

**Article 208** The

National Directorate of Cooperatives, the Federations and the National Confederation of Cooperatives will keep a list of people who have been expelled from cooperative organizations for lack of honesty, dissociators or disloyal to said institutions.

**Article 209**

The organizations of a cooperative may not exonerate its manager from the obligation to render the corresponding surety that the Law determines, and which must be sufficient to cover satisfactorily the funds that they manage.

**Article 210**

The Managers of cooperatives that do not have a bond, must do so within the peremptory period of thirty days from the issuance of this Regulation; without, meanwhile, being exempt from civil or criminal liability that they may have due to the mismanagement of funds.

**Article 211** No

manager may take possession of the position without first paying the security that has been fixed; and if thirty days after the appointment is made, he does not pay the surety, his appointment will expire, and another person will be appointed in his place.

**Article 212** The

guarantees of the managers of the cooperatives will be rendered preferably in fidelity policies, the value of which will be paid by the respective institutions.

**Article 213** The

leaders and members who fulfill commissions of a cooperative or of any organization of integration of the movement may receive from the cooperative the value of the mobilization expenses and others that the fulfillment of the activities or commissions entrusted to them demands, and which will be always duly justified.

**Article 214** Both

the Federations and the National Confederation of Cooperatives will periodically hold National Congresses, as determined by the statutes. The Congresses organized by the National Federations will be of all the cooperatives of their line; and those organized by the National Confederation of Cooperatives will be from the entire Ecuadorian cooperative movement.

**Article 215** The

purpose of the National Congresses of Cooperatives will be to unify and strengthen the national cooperative movement and to study its problems and the most appropriate solutions.

**Article 216**

The statutes of the Federations and of the National Confederation of Cooperatives will determine the number of delegates that each affiliated entity may send to the General Assembly and to the Congresses; The votes must be computed by delegations and not by the number of delegates.

**Article 217** First

degree cooperatives that, in accordance with Article 74 of the Cooperatives Law, are directly part of the National Confederation, will have a single vote, as a whole, for the line they represent.

**Article 218** The

prohibitions referring to the representatives and administrators of cooperatives, contained in articles 139 and 140 of the Cooperatives Law, will not apply to cooperatives organized with the minimum number, indicated in Article 5 of the Law, when at the discretion of the National Directorate of Cooperatives, there is no other possible solution than to exempt such cooperatives from said prohibitions.

**Article 219** For

the purposes of article 160 of the Law, the Managers of the cooperatives will send to the respective offices the forms in which the amounts owed are recorded, including the documents through which the debtors authorize the cooperative the corresponding collection. The payers will have the obligation to make the withholdings in favor of the cooperatives at the time of payment of wages, salaries or retirement pensions and will proceed to the immediate delivery of the values to the aforementioned managers.

**Article 220**

Payers who do not comply with the provisions of the previous article will be personally

fully and civilly responsible for the consequences arising from its non-observance.

\*AÿADASE:

**Article 1**

At the end of the Regulations, add Title XIII, "Of the cooperatives in which the State", with the following articles:

**Title XIII**

**Of the cooperatives in which the State participates economically**

**Article 221** For

their organization they will be subject to the Law of Cooperatives, its Regulations and for its operation in force for the institutions of the respective economic sector in which they operate, as well as the resolutions and norms dictated by the authorities of the corresponding state Institutions. .

**Article 222**

The State will always be represented in the General Assemblies of Partners and District Delegates; for this last case it will constitute a District.

**Article 223** In

Cooperatives with more than forty-nine members, the Administration and Surveillance Councils will have a maximum of 5 to 3 main members respectively. Each main member will have a substitute, they will last two years in their functions and may be reelected.

**Article 224** The

State will be represented in the Councils, according to its economic participation.

When the participation of the State is less than 20% of the social capital, it will have a member (1) in each one of the Councils.

When the participation of the State in the social capital varies from 20 to 50%, it will have two (2) members in the Administration Council and one (1) in surveillance.

When the participation of the State in the Social Capital is greater than 50%, it will have three (3) members on the Board of Administration and two (2) on the Supervisory Board.

The quorum of the Administrative Council will be with three (3) and that of Surveillance with two (2) members.

**Article 225** The

Surveillance Council will also supervise compliance with the regulations established by the institution that represents the State.

**Article 226**

In the Cooperatives in which the State has an economic participation, the following are the exclusive, private and sole attributions and duties of the President: a) Preside over the General Assemblies, the meetings of the Board of Administration and guide their decisions b) Call the General Assemblies, Ordinary or Extraordinary and to the meetings of the Board of Directors c) To settle with his vote the ties in the voting d) To sign with the Manager the certificates of contribution.

**Article 227**

In the cooperatives in which the State has an economic participation, the following are exclusive and exclusive attributions and duties of the Manager, the following: a) Represent the cooperative judicially and extrajudicially b) Organize the administration of the company and take responsibility for it c) Comply and make partners comply with the provisions issued by the General Assembly and the Councils d) Pay the corresponding bond e) Submit an administrative report and the annual and semi-annual balance sheets for the consideration of the Assembly and prior knowledge of the Administration and Surveillance Councils f) Provide all the data requested by the members or the organizations of the cooperative g) Appoint, accept resignations and cancel the employees whose designation or removal does not correspond to other organizations of the cooperative h) Monitor that the accounting is correctly kept i) Open bank accounts, endorse, write and sign the checks together with the Treasury or Payer of the Cooperative.

In the absence of any of these officials, the President will do so j) Sign the correspondence of the cooperative k) Comply with the regulations established by the State Institution for the fulfillment of its purposes l) The other functions that correspond to it in accordance with the Statute

**Article 228**

The Managers of the cooperatives in which the State participates with more than 50% of the social capital, will be appointed or removed, by the respective State institution, as well as the appointed members of



in accordance with Article 224. Both for their appointment and for their removal, the state institution must prepare the respective Regulations.

**Article 229**

In the case of intervention or liquidation, the Comptroller or Liquidator will be an official of the Institution that represents the State, the same one that will be appointed in accordance with the general provisions.  
The fees of the Liquidator or Controller will be set by the corresponding State Institution.

**Article 230**

The National Directorate of Cooperatives will approve the reforms of the statutes, after a favorable report from the institution that represents the State.  
Artnculo 2o

Within a period of no more than 21 days after these reforms come into force, the representation in the Administration and Surveillance Councils will be adjusted in accordance with the provisions of Article 224.

The recently elected councilors will remain as members of the Councils, representing the other partners, according to the number of votes obtained.

(DE 3549. RO 835: 18-XII-87)

\*RATIFY: Ratify

the Resolution of the Court of Constitutional Guarantees that totally suspends, as unconstitutional, the effects of Executive Decree No. 3549, published in the Official Gazette No. 835 of December 18, 1987.

(RS-TGC. RO 93: 23-XII-88.)

\*ADDITION:

ADDITION:

Executive Decree 10324 "In

the General Regulation of the Cooperatives Law, issued on September 7, 1966, and promulgated in Official Gazette No. 123 of the 20th of the same month and year, add the following transitory provisions :

**FIRST**

Individuals and legal entities that as of September 20, 1966 would have belonged to one or several cooperatives or system integration organizations as members thereof, will continue to be considered as such. Consequently, they cannot, for this reason, be excluded from the cooperative institutions, nor can they, by their presence, be forced to alter their normal functioning.

**SECOND**

The acquired right that is recognized in this Agreement will remain in force until the member is excluded from the cooperative or it is dissolved, due to other legal, regulatory or statutory causes incurred after the validity of the current Cooperatives Law and Regulations. General.

**THIRD**

For the re-registration and for the operation of land transport cooperatives that had more than five years of existence prior to September 7, 1966, the provisions of the General Regulations of the Cooperatives Law that go from Article 184 to Article 184 will not be applicable. 191, inclusive, of said Regulation, as well as article 193 of the same.

**QUARTER**

In article 19 of the General Regulations, add "and land transport"