

PROPOSED AMENDMENTS TO THE SOCIETY BY-LAWS



Dear Esteemed Member,

This document is a highlight of the various proposed changes to the society by-laws, pursuant to the observations made by members, requests tabled by delegates on behalf of their members during the Annual General Meetings, the need to offer clarity on ambiguous clauses, and best corporate practices.

Please see below the table of proposed changes for your consideration.

1.0. SCHEDULE OF PROPOSED AMENDMENTS

BY-LAW NO.	BY-LAW HEADING	CURRENT READING OF REGISTERED BY LAWS	AMMENDED-STANDARD GUIDELINES	COMMENTS
No. 2	REGISTERED OFFICE / POSTAL ADDRESS:	Paragraph 1: The registered office of the Society shall be on the 5 th Floor at Stima Investment Plaza I, in Nairobi and its postal address shall be P.O. Box 37895-00100, Email: customercare@stimainvestment.co.ke Mushembi Road, Parklands, Nairobi.	Vary Paragraph 1 to read: The registered office of the Society shall be on the 5 th Floor at Stima Investment Plaza I, along Mushembi Road, Parklands, Nairobi. Its postal address shall be P.O. Box 37895-00100, and Email: customercare@stimainvestment.co.ke.	Variation
No. 3	DEFINITIONS / INTERPRETATIONS	"Member in Good Standing" means a member who is current on the payment of regular monthly shares	Delete ". and deposits or other dues to the Society" Add "actively patronizes the Society's products"	Deletion and Addition

		<p>and deposits or other dues to the Society and has not acted in a manner which potentially damages the Society and complies fully with the policies and rules set by the Society</p>	<p>Add "a Member in Good Standing shall be deemed to be an active member."</p> <p>To read: "Member in Good Standing" means a member who is current in the payment of their regular monthly share contributions, actively patronizes the Society's products in accordance with the Society's requirements, complies fully with the Society's by-laws, policies and rules, and has not engaged in any conduct that is prejudicial to or likely to harm the interests of the Society. For the purposes of these By-Laws, a Member in Good Standing shall be deemed to be an active member.</p>	
<p>No. 3</p>	<p>DEFINITIONS / INTERPRETATIONS</p>	<p>"Net Surplus" means the amount of income in excess of expenses of the Society. It is the amount computed before any</p>	<p>Delete "/interest" to read: "Net Surplus" means the amount of income in excess of expenses of the Society. It is the amount computed before any allocation is</p>	<p>Deletion</p>

		allocation is made for member's dividends/ <i>interest</i> to be paid on shares.	made for member's dividends to be paid on shares.	
No. 3	DEFINITIONS / INTERPRETATIONS	<p>"Share" means the amount represented by a member's portion in equity of the society as co-owner.</p>	<p>Vary to read:</p> <p>"Share" means a unit of ownership in the Society representing a member's equity contribution to the Society's share capital. Shares shall be issued and held in accordance with these By-Laws and the applicable co-operative laws, and shall confer upon the member the rights and obligations attached thereto.</p>	Variation
No. 3	DEFINITIONS / INTERPRETATIONS	"Share Contribution" Non-existent	<p>Insert clause to read as follows:</p> <p>"Share Contribution" means the monthly monetary contribution made by a member towards the purchase or accumulation of shares in the Society in accordance with the minimum requirements</p>	Insertion

			prescribed by the Society from time to time.	
No. 3	DEFINITIONS / INTERPRETATIONS	"Share Capital" Non-existent	Insert clause to read as follows: "Share Capital" means the total value of shares subscribed to and fully paid for by members of the Society, forming part of the permanent equity of the Society. Share capital is non-refundable.	Insertion
No. 3	DEFINITIONS / INTERPRETATIONS	"Deposit" means a sum of money paid on terms under which it shall be repaid with or without interest or premium and either on demand or at a time or in circumstances agreed by or on behalf of the person making the Society to receive it.	Delete the definition of "Deposit" in its entirety for the reason that the Society is not a Deposit taking Sacco	Deletion
No. 3	DEFINITIONS / INTERPRETATIONS	"Dormancy" means failure by a member to pay monthly or lump sum deposits at a given minimum period as and when the sum falls due.	Vary to read: "Dormancy" means the state of inactivity or non-participation conferred to a member who has failed to pay the minimum monthly or	Variation

			<p>lump sum share contribution as and when the sums fall due, for a specified period of 3 consecutive months and fails to patronize the society products.</p>	
<p>No. 9</p>	<p>ADMISSION INTO MEMBERSHIP</p>	<p>Current number 9a) An applicant shall be admitted to membership on application and payment of an entrance fee of Kshs. 5,000/= paid in full and at least three hundred shares of Kshs. 200/= each or minimum shares as shall be fixed by the general meeting from time to time.</p>	<p>Vary 9a) to read: An applicant shall be admitted to membership on application and payment of a non-refundable entrance fee of Kshs. 5,000/= paid in full and a purchase of a minimum of three hundred shares of Kshs. 200/= each, valued at a total of Kshs. 60,000/= or minimum shares as shall be fixed by the general meeting from time to time.</p>	<p>Variation and addition</p>
<p>No. 12</p>	<p>OBLIGATIONS OF MEMBERS</p>	<p>Current no. 12 c) reads Meet the debts of the Society in case of bankruptcy as may be properly explained and agreed in an Annual General Meeting.</p>	<p>Vary Current no. 12 c) to read Meet the debts of the Society as per the provisions of Clause 25 on Liability in case of bankruptcy or as may be properly explained and agreed in an Annual General Meeting.</p>	<p>Variation</p>

No. 13	MEMBERS PERSONAL STATEMENTS	Every member shall receive regular statements at least once every six months or upon request which shall contain particulars of membership, shares, deposits and any other transactions with the Society.	<p>Add Clause 12d) to read: Inform the organization of any changes to their personal details, including name, address (physical and postal), phone number, and email, as well as any updates to their nominated beneficiaries and work station within 30 days of such change, to ensure accurate record-keeping.</p> <p>Delete the word "Deposit" to read: Every member shall receive regular statements at least once every six months or upon request which shall contain particulars of membership, shares and any other transactions with the Society</p>	Deletion
N/A (New Clause 14)	DORMANCY AND ACTIVATION	Non Existent	<p>Insert clause as the new clause 14 to read as follows: "A member will be declared 'Dormant' where he/she has failed to pay the minimum monthly or lump sum share contribution as and when</p>	Insertion

			<p>the sums fall due, for a specified period of 3 consecutive months.</p> <p>However, the said dormant member may become active again if he/she makes a contribution towards their Share Capital valued at a total of Kshs. 3,000/= or minimum shares as shall be fixed by the general meeting from time to time.</p>	
<p>No. 14</p>	<p>CESSATION OF MEMBERSHIP</p>	<p>Current 14 e) reads: Membership in the Society shall cease with effect from the date of: e) Transferring of shares to another member.</p>	<p>Add 14e) to read: The Insolvency/winding up of a company or a Body Corporate</p> <p>Vary 14 e) now (f) to read: Membership in the Society shall cease with effect from the date of: e) Transferring of a member's entire shares to another member.</p>	<p>Variation</p>
<p>No. 15</p>	<p>SUSPENSION/EXPULSION</p>	<p>Current 15 reads: The management Committee may suspend a member</p>	<p>Vary Clause to read: SUSPENSION AND EXPULSION</p>	<p>Variation</p>

		<p>subject to the decision of the general meeting to expel anyone who:</p>	<p>The management Committee may suspend a member subject to the decision of the general meeting to revoke the suspension, uphold the suspension or expel anyone who:</p>	
<p>No. 16</p>	<p>PROCEDURE OF SUSPENSION</p>	<p>Current Clause 16 reads</p> <p>a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the Management Committee shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him to file his defense.</p> <p>b) Upon the expiry of the 30 days and taking into consideration the</p>	<p>PROCEDURE OF SUSPENSION AND/OR EXPULSION</p> <p>a) Upon formal and written proof that a member has committed a violation punishable by suspension or expulsion, the Management Committee shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed suspension or expulsion and requiring him to file his defense.</p> <p>b) Upon the expiry of the 30 days and taking into consideration the members' defense if any, the Management Committee shall initiate</p>	<p>Variation and Addition</p>

		<p>members' defense if any, the Management Committee shall initiate an administrative inquiry and make a decision on its findings within fifteen (15) days.</p> <p>c) Any member suspended by the Management Committee shall appeal to the next General Meeting which shall have powers to reinstate or expel the member.</p> <p>d) Any member who is expelled from the Society shall have the right to appeal against such expulsion at the Annual General Meeting.</p>	<p>an administrative inquiry and make a decision on its findings within fifteen (15) days.</p> <p>c) Any member suspended by the Management Committee shall appear in the next General Meeting which shall have powers to revoke the suspension, uphold the suspension for a period not exceeding 12 months or expel the member.</p> <p>d) Any member who is aggrieved by the decision made at the Annual General meeting shall have the right to appeal against such decision in the next Annual General Meeting;</p> <p>e) Any member of a co-operative society who ceases to qualify for membership of the</p>
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		<p>society shall forthwith cease to be a member of the society and his/her name shall be struck off the register of members.</p>	
<p>No. 18</p>	<p>PAYMENT ON CESSATION OF MEMBERSHIP</p>	<p>Current 18.1 reads 18.1. On cessation of membership, a person shall be refunded the following amounts of money after deduction of any debts owed by him to the Society:</p> <p>a) His deposits. b) Any dividends or interests due to him for a completed year prior to the date the membership ceased.</p> <p>c) Any other deposits or sums of money held by the Society on his behalf.</p> <p>Current 18.2 reads</p>	<p>Delete clause 18 (a)</p> <p>Delete the words "or Interest" in clause 18.1. (b)</p> <p>Vary Clause 18.1. to read</p> <p>18.1. On cessation of Membership by withdrawal or expulsion, a person shall be refunded the following amounts of money after deduction of any debts owed by him to the Society:</p> <p>a) Any dividends due to him for a completed year prior to the date the membership ceased.</p> <p>b) Any other sums of money being ongoing refunds to</p>

		<p>18.2. Shares shall not be withdrawn but can be transferred to another member or any other qualifying person.</p>	<p>be paid out by the Society.</p> <p>Vary clause 18.2 to read</p> <p>18.2. Share Capital shall not be refunded or withdrawn but can be transferred to another member or any other qualifying person.</p>	
<p>No. 19</p>	<p>NOMINEE</p>	<p>Current Paragraph 1 reads</p> <p>Every member shall nominate in writing one or more persons as his nominee or nominees to whom on his death, shares or deposits or other interests shall be vested. The nominations shall be attested to by two witnesses who are members of the Society. The names of such nominee(s) shall be entered in the Nominee Register.</p>	<p>Vary Paragraph 1 to read:</p> <p>Every member shall nominate in writing one or more persons as his nominee or nominees to whom on his death or declaration of insanity under the Mental Health Act Cap 248, shares or other interests shall be vested. The nominations shall be attested to by two witnesses who are members of the Society. The names of such nominee(s) shall be entered in the Nominee Register.</p>	<p>Variation by addition of highlighted insertion and deletion of the word "Deposits"</p>
<p>No. 20</p>	<p>PAYMENTS TO THE NOMINEE</p>	<p>The Society, after satisfying itself and after</p>	<p>Vary to read</p> <p>The Society, after satisfying</p>	<p>Variation</p>

		<p>obtaining such documentary proof of the death of a member as it may consider necessary, shall pay the value of the deceased members' transferred shares, deposits, interest and/or dividends after deducting money owed to the Society, if any.</p>	<p>itself and after obtaining such documentary proof as to the death or insanity of a member as it may consider necessary, shall transfer to the nominee the value of the deceased or insane member's shares, and pay to the nominee any accrued dividends after deducting money owed to the Society, if any.</p>	
<p>No. 21</p>	<p>ADMISSION OF NOMINEE</p>	<p>In the event of the death of a member, the Management Committee, after satisfying itself and after obtaining such documentary proof of the death of a member as it may consider necessary, may admit a nominee if he so qualifies and is willing to be a member to the Society. In such a case, all the interests of the deceased member shall be transferred to the nominee.</p>	<p>Vary Heading to read: ADMISSION OF NOMINEE AS A MEMBER</p> <p>Vary Clause to read: In the event of the death or insanity of a member, the Management Committee, after satisfying itself and after obtaining such documentary proof of the death or insanity of a member as it may consider necessary, may admit a nominee if he so qualifies and is willing to be a member to the Society. In such a case, all the interests</p>	<p>Variation</p>

			of the deceased member shall be transferred to the nominee.	
No. 22	FUNDS OF THE SOCIETY	<p>Clause 22 (i) (b) currently reads</p> <p>i. The funds of the Society shall consist of:</p> <p>b) Members' deposits and loans from non-members and /or financial institutions.</p>	<p>Vary Clause 22 (i) (b) to read</p> <p>The funds of the Society shall consist of:</p> <p>b) Loans from financial institutions.</p>	Variation by deletion
No. 23	SHARES AND DEPOSITS	<p>Current Clause 23 c) reads</p> <p>Members shall be required to make monthly deposits of at least Kshs. 1,000/= or in the alternative a lump sum of at least KShs. 12,000/= annually which shall be used in financing of projects and investments as Delegates shall agree upon in the General Meetings from time to</p>	<p>Delete "Deposits" and vary the heading to read</p> <p>"SHARES"</p> <p>Add a second paragraph after the introduction clause that reads:</p> <p>Shares in the Society shall be issued at their nominal value as prescribed by the Society.</p> <p>Vary Clause 23 c) to read:</p> <p>Members shall be required</p>	Deletion, Variation and Addition

		<p>time.</p> <p>to make monthly share capital contributions of at least Kshs. 1,000/= or in the alternative a lump sum of at least KShs. 12,000/= annually which shall go towards growing their share capital.</p> <p>Add clause 23d)</p> <p>The Society may from time to time determine the maximum number of shares to be issued in order to maintain prudent capital management and protect the interests of existing members.</p> <p>Add clause 23e)</p> <p>Upon the Society reaching such capital threshold as may be determined by the Management Committee and approved by the General Meeting, the issuance of additional shares may be limited, suspended, or otherwise regulated in accordance with these By-Laws.</p>	
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<p>No. 24</p>	<p>TRANSFER OF SHARES</p>	<p>Current Clause 24 a) reads</p> <p>With the approval of the Management Committee a member may transfer his shares to another member. Such Transfer must be in writing and at Nominal Value.</p>	<p>Vary Clause 24 a) to read:</p> <p>Subject to the approval of the Management Committee and in compliance with these By-Laws, a member may transfer part or all of their shares to another member or to a person eligible for membership in the Society.</p> <p>Add clause 24 b)</p> <p>A member intending to transfer their shares shall notify the Society in writing, whereupon the Society shall record the request in the Share Transfer Register for purposes of administering transfers in accordance with these By-Laws.</p> <p>Add clause 24 c)</p> <p>Where shares become available through transfer, existing members of the Society shall have the first right of refusal to acquire</p>	<p>Variation and Addition</p>
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<p>such shares before the same may be offered to new members.</p> <p>Vary Clause 24 b) now 24d) to read</p> <p>The Society shall record such transfer in the register of members upon completion of the prescribed transfer procedures and no transfer shall be valid unless so registered. The fees payable by the transferor for such transfers shall be as follows:....."</p> <p>Add Clause 24e)</p> <p>The Society shall maintain a register of members intending to transfer their shares and shall facilitate such transfers in the order recorded in the register, subject to compliance with these By-Laws and approval of the Management Committee.</p> <p>Add Clause 24f)</p> <p>All transfers of shares shall be subject to the approval of the Board of Directors, which approval shall not be</p>			
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			<p>unreasonably withheld, provided that the proposed transferee meets the eligibility requirements for membership in the Society and complies with these By-Laws.</p>	
<p>No. 36</p>	<p>ELECTIONS</p>	<p>Current Clause 36.1 b) reads Each Delegate shall represent at least 15 members in their respective zones</p>	<p>Vary Clause 36.1 b) to read Each Delegate shall represent at least 15 members in good standing in their respective zones.</p>	<p>Variation</p>
<p>No. 36.2</p>	<p>ESTABLISHMENT OF ELECTORAL ZONES</p>	<p>Current Clause 36.2 c) Non existent</p>	<p>Add Clause 36.2. c) to read The Management Committee may elect to have an electoral zone that has less than 15 members in good standing amalgamated with another electoral zone within the same geographical location of members in order to satisfy the requirement to have 15 members in good standing for an electoral zone to be established.</p>	<p>Addition</p>

<p>No. 36.3</p>	<p>ELECTIONS OF DELEGATES</p>	<p>Current Clause 36.3 b) reads</p> <p>The term of the Delegates shall be two years and they may be eligible for re- election for further terms if they so qualify, except those who are serving in the Management and Supervisory Committees, whose terms shall fall due as they become eligible for re-election at the Management and Supervisory Committees, respectively.</p>	<p>Add Clause 36.2. d) to read</p> <p>Where c) above is not feasible, the electoral zone will be headed by a representative duly elected by the members in line with the qualifications for one to become a Delegate as per Clause 36.4 herein.</p>	
			<p>Vary Clause 36.3 b) to read:</p> <p>The term of the Delegates shall be three years and they may be eligible for re- election for further terms if they so qualify.</p>	<p>Variation</p>

No. 37	THE MANAGEMENT COMMITTEE (Regeneration of the Board)	Not provided for	Add clause c) after Clause 37 (b) Members of the Management Committee will be required take a mandatory one-year break after a member has served consecutively for two terms of 3 years each, prior to vying for a position in the Management Committee again.	Addition
No. 37	THE MANAGEMENT COMMITTEE	Current Clause 37 g) The quorum for the conduct of business at a meeting of the Management Committee shall be five (5) members thereof, personally present	Vary Clause 37 g) now 37 h) to read The quorum for the conduct of business at a meeting of the Management Committee shall be five (5) members thereof, personally or virtually present	Variation
No. 38	ELIGIBILITY FOR MEMBERSHIP TO THE MANAGEMENT COMMITTEE	Current Clause 38 (xvi) reads Is not a Delegate from within Nairobi County and no mileage payments shall be	Vary current Clause 38 (xvi) to read Is not a Delegate from within Nairobi metropolitan area being the Nairobi, Kajjado, Kiambu,	Variation

		applicable to travel to the Society's registered office in Parklands	Murang'a, and Machakos Counties as defined by the Nairobi Metropolitan Area Transport Authority (NAMATA). No mileage payments shall be applicable to travel to the Society's registered office in Parklands.	
No. 56	SUPERVISORY COMMITTEE (Regeneration of the Supervisory Committee)	Not provided for	Add clause b) after Clause 56 (a) Members of the Supervisory Committee will be required take a mandatory one-year break after a member has served consecutively for two terms of 3 years each, prior to vying for a position in the Supervisory Committee again.	Addition
No. 56	SUPERVISORY COMMITTEE	Quorum not provided for	Add clause e) after Clause 56 (d) The quorum for the conduct of business at a meeting of the Supervisory Committee shall be two (2) members thereof, personally or virtually present.	Addition

No. 56	SUPERVISORY COMMITTEE	Deadlocks not provided for	<p>Add clause f) after Clause 56 (e) (above)</p> <p>Where the recorded attendance for a meeting of the Supervisory Committee for the conduct of Society business shall be two (2) members thereof, personally or virtually present and voting is required yet a deadlock is reached then the status quo shall remain until the next meeting is convened where all three members of the Supervisory Committee shall be present which meeting shall take place within seven (7) days:</p>	Addition
No. 56	SUPERVISORY COMMITTEE	<p>Current Clause 56 (g) reads</p> <p>A member of the Supervisory Committee shall be an elected delegate from within Nairobi County and no mileage payments shall be applicable to travel to the Society's</p>	<p>Vary current Clause 56 (g) now 56 (i) to read</p> <p>A member of the Supervisory Committee shall be an elected delegate from within Nairobi metropolitan area being the Nairobi, Kajiado, Kiambu, Murang'a, and Machakos Counties as</p>	Variation

	registered office in Parklands	defined by the Nairobi Metropolitan Area Transport Authority (NAMATA). No mileage payments shall be applicable to travel to the Society's registered office in Parklands.	
No. 64	BUILDING PLANS	<p>No building may be erected on the Society's or individual member's land using funds supplied in whole or in part by the Society except on plans approved by relevant authorities</p>	Deletion
No. 69	LIEN	<p>Clause 69 (i) currently reads</p> <p>The Society shall have a first charge on the shares or interest in the capital and deposits of a member or past members and on any dividend, bonus, or accumulated funds payable to a member or past member in or</p>	Deletion

No. 73	CASH RESERVES	towards payment of any such debt.		
	<p>Clause 73 currently reads Except as otherwise authorized by a General Meeting, a cash reserve shall be maintained of not less than 10% of the total share capital for the specific purpose of meeting requests for deposit and other emergency pay-outs. The cash reserve may consist of cash in hand, current account, savings account and fixed deposits.</p>		<p>Vary to read Except as otherwise authorized by a General Meeting, a cash reserve shall be maintained of not less than 10% of the total share capital for the specific purpose of meeting requests for emergency pay-outs. The cash reserve may consist of cash in hand, current account, the Society's savings account, fixed deposits and in money market accounts.</p>	Variation

Yours faithfully,

For: Stima Investment Co-operative Society Limited



**Jonathan Kinyenze
 Chief Executive Officer**