

L A W
No. 8088, dated 21.3.1996

ON RECIPROCAL COOPERATION SOCIETIES
(as amended by Laws: No. 9039, dated 27.3.2003, No. 9747, dated 31.5.2007.)

Pursuant to Article 16 of Law No. 7491, dated 29.4.1991 "Për dispozitat kryesore Kushtetuese", upon the proposal of the Council of Ministers

PARLIAMENT
OF THE REPUBLIC OF ALBANIA

D E C I D E D:

CHAPTER I
GENERAL PROVISIONS

Article 1

Definition

Reciprocal cooperation societies are voluntary associations of natural or legal persons, formed for the purpose of carrying out economic activities in various fields.

Article 2

Reference laws

Reciprocal cooperation societies are governed by the provisions of this law. Reciprocal cooperation societies for certain activity fields may be governed by special laws.

Article 3

Independence in decision-making

Reciprocal cooperation societies are free to carry out their activities and to make the relevant decisions, within the framework of the legal acts and bylaws.

Article 4

Legal personality

Reciprocal cooperation societies are legal persons. Each reciprocal cooperation society has its own seal.

Article 5

Term of activity

(The first sentence repealed by Law No. 9039, dated 29.03.2003)

Reciprocal cooperation societies must specify the term of activity in their statutes. The society may decide to extend or renew the specified term.

Article 6

Territory

Reciprocal cooperation societies have their respective territory, the coverage of which is determined in the statute of the society.

Article 7
Headquarters

Reciprocal cooperation societies have their headquarters, which is determined in the statute of the society.

Article 8
Name
(The second sentence amended by Law No. 9747, dated 31.05.2007)

Reciprocal cooperation societies have their own name that is determined in the statute. The name of the society in its letters, publications, and all its documents must be preceded by the words "shoqëritë e bashkëpunimit reciprok", followed by its name and registration number, assigned by the body designated by the special law for their registration.

Article 9
Subject matter

The subject matter of the activity of a reciprocal cooperation society is the joint carrying out of economic activities by its members. Economic activities may vary, such as in the field of production, buying and selling of goods, in the field of services, credit, construction, as well as in all other fields. The purpose of the activity of the reciprocal cooperation society is the mutual assistance of the members who are part of it.

Article 10
Carrying out actions

Reciprocal cooperation societies may only carry out actions that are included within the subject matter of activity defined in their statute, as well as any other action necessary to fulfill this subject matter.

Article 11
Merger of societies
(A sentence added by Law No. 9039, dated 27.03.2003)

Reciprocal cooperation societies may form among themselves mergers or new societies, which are regulated by this law. The types of mergers of reciprocal cooperation societies, their names, purposes, and subject matter of activity are defined in their statutes.

Article 12
Participation

Reciprocal cooperation societies may participate and be members in the mergers of reciprocal cooperation societies or in any other society, or may also establish new societies in accordance with the requirements of the relevant law.

Article 12/1
Statute of the society
(Added by Law No. 9039, dated 27.03.2003)

Reciprocal cooperation societies have their own statute, which contains, among other things, also:

- a) the name and headquarters of the society;
- b) the subject matter of the society;
- c) rules that determine whether members of the society make additional payments, in an

unlimited/limited manner, up to a certain amount (maximum liability limit), for the property that is the subject of insolvency, in cases where the obligations to creditors cannot be fulfilled during the insolvency proceedings;

ç) rules regarding the form of calling the general assembly of members, rules for written documentation of decisions, rules for the chairperson of the general assembly. The general assembly is called through notification of the members by the body of the society or through notification in the media;

d) rules on the form of notifications by the society, as well as rules for notification in the media;

dh) the amount of contributions made by each member (capital shares), as well as the payments for each capital share, for which each member is obliged;

e) the creation of the reserves mentioned in Articles 43 and 44;

ë) the rules according to which the activity of the society is limited for a specified period of time;

f) the connection that exists between membership and its duration with residence within a specific district;

g) rules regarding the circumstances in which the general assembly does not make decisions by a simple majority of votes;

gj) cases of exclusion of members from the society;

h) criteria for the distribution of contributions in kind.

Article 13

Transactions with third parties

Societies of mutual cooperation carry out transactions with the members of the society, or also with third parties who are not members of the society, according to the provisions set forth in their statutes.

Societies of mutual cooperation are allowed to carry out transactions with third parties who are not members of the society only under the following conditions:

- Transactions with third parties must correspond to the activities that are included in the object of activity of the society of mutual cooperation.

- Transactions with third parties cannot be carried out under more favorable conditions for third parties in relation to the members of the society.

- The turnover of each activity, as determined in the statute of the society of mutual cooperation, must be achieved with not less than half with the members of the society and only the remaining part with third parties.

- Transactions carried out with third parties must be accounted for separately and clearly.

CHAPTER II

MEMBERS OF THE SOCIETY

Article 14

Members

Members of the society of mutual cooperation are natural or legal persons who wish to jointly carry out economic activities within the society and who accept the statute approved by the society of mutual cooperation.

Article 15

Number of members

(Replaced a word with Law No. 9039, dated 27.03.2003)

The society of mutual cooperation, in order to be established, must have not less than 3 members. The number of members of the society during its existence may increase without any limit. This number may also be reduced, but always on the condition that not less than 7 members of the society remain. When the society is left with not less than 7 members and the number is not completed

within one year, the society is dissolved.

Unions of societies of mutual cooperation, in order to be established, must have not less than two such societies.

Article 16

Conditions of admission

Any natural or legal person who meets the conditions for admission, as specified in the statute of the society, may become a member of the society of mutual cooperation. The application for admission is made in writing and submitted for review to the administrative council of the society, which is the competent body that decides whether or not to accept the application.

Article 17

Loss of membership status

(Amended by Law No. 9030, dated 29.03.2003)

Membership in the society is lost when the member resigns, is excluded from the society, or dies. Every member is obliged to notify in writing, at least three months in advance, their resignation from the society. Departure from the society takes place only at the end of the fiscal year.

The member of the society of mutual cooperation who resigns or is excluded remains liable for the obligations of the society for a period of five years in relation to the shares they hold in the capital of the society.

Starting from the moment of notification of the decision for departure, the member can no longer participate in the general assembly and can no longer be a member of the administrative council or the supervisory council.

Article 18

Registration of admissions

The society of mutual cooperation keeps a register, which contains the date of admission of each member, as well as the date on which they lose their membership status.

Article 19

Rights and obligations

The members of the society of mutual cooperation have equal rights and duties, except in cases provided for in this law. The rights and duties of the members of the society are stipulated in its statute.

Article 20

Disciplinary measures

The types of disciplinary measures taken against the members of the society are determined in its statute. The most severe disciplinary measure is expulsion from the society of mutual cooperation.

Disciplinary measures are imposed for violations provided for in the statute of the society.

CHAPTER III

THE BODIES OF THE SOCIETY

Article 21

Governing bodies

The bodies of the society of mutual cooperation are the general assembly, the administrative council, and the supervisory council. In the case of a society with a large territorial scope, the statute may also provide for regional assemblies as bodies.

Article 22
The general assembly

The general assembly consists of all members of the society and is the decision-making body of the society. Decisions of the assembly are binding on every member of the society of mutual cooperation.

The meeting of the general assembly is valid when more than three quarters of the number of members participate. The decisions of the meeting of the general assembly are valid when approved by the majority of the members present. The general assembly is ordinary or extraordinary. The ordinary annual general assembly is convened once a year by the administrative council. The extraordinary general assembly is convened by the administrative council or by the supervisory council, or when requested by at least 1/3 of the total number of members of the society of mutual cooperation. The ordinary general assembly is convened by the administrative council or by the supervisory council, or when requested by 1/10 of the total number of members.

Article 23
The right to vote
(Second paragraph added by Law No. 9039, dated 27.03.2003)

Each member of the society of mutual cooperation, at the time of the activity of the general assembly, has the right to one vote. In unions of societies of mutual cooperation, the right to the number of votes that each member shall have is determined in their statutes.

If a member does not participate or cannot participate in the general assembly, he/she authorizes with a special power of attorney another person to exercise his/her right to vote in the general assembly.

Article 24
Remuneration of functions

The functions of the members of the society in its various bodies are, as a rule, performed without remuneration. Expenses incurred by members during the exercise of these functions are reimbursed. In the statutes of societies of mutual cooperation, when necessary, the paid functions are specified.

Article 25
The ordinary annual general assembly

The ordinary annual general assembly is convened within four months after the end of the activity of the calendar year. It reviews the financial status report of the society, the activity report of the administrative council, as well as all other issues of economic activity and management that it considers important. For the issues reviewed, the assembly takes the relevant decisions.

The members of the society of mutual cooperation may convene at any time in an ordinary general assembly to take decisions on issues other than those which fall under the competence of the extraordinary general assembly.

Article 26
The extraordinary general assembly

The extraordinary general assembly is convened at any time, such as in cases when it is necessary to decide on amendments to the statute of the society, on the dissolution of the society, on the transformation of the society into another form, or on participation in mergers of societies of mutual cooperation.

Article 27
Regional assembly

The regional assembly is convened in each region prior to the general assembly, to debate the issues on the agenda of the general assembly, but does not take decisions on them. The regional assemblies appoint the delegates representing the members of the society in the general assembly. The number of delegates from each region is determined by the administrative council of the society of mutual cooperation.

Article 28
Administrative council
(Added to the fourth paragraph 2 paragraphs by Law No. 9039, dated 27.03.2003)

The administrative council is composed of no fewer than three members, elected by the general assembly from among the members of the society, for a period specified in the statute and who may be removed at any time by the general assembly. The administrative council elects from among its ranks the chairman and his deputy.

For mergers of mutual cooperation societies, the rules for the composition of the administrative council, the period of activity, and for the dismissal of the members of the administrative council are established in the statute.

The administrative council is the administrative body of the society, which manages the society according to the guidelines established by the general assembly and is accountable to it. The administrative council is convened by the chairman or the deputy chairman no less than once a month.

The chairman of the administrative council represents the society in relations with third parties. The statute provides for the manner in which he is replaced by other members of the administrative council.

The members of the administrative council of the society are personally liable for damages they have caused due to failure to fulfill their obligations

Article 29
Supervisory council
(Amended by Law No. 9039, dated 27.03.2003)

The supervisory council is the body that exercises control over the society's administrative and financial activity. The supervisory council consists of three members who are elected by the general assembly from among the members of the society. If necessary, the general assembly may elect more than three members to the supervisory council. The replacement of the members of the supervisory council, even before the expiration of the period for which they were elected, is carried out by the general assembly with three-fourths of the votes of the members present.

Members of the supervisory council are not permitted to simultaneously be members of the administrative council, except in cases when the society consists of fewer than six members.

The supervisory council does not take any decisions and cannot impose any sanctions. Every year it submits to the ordinary annual general assembly a report on the management of the company's economic and financial activity. The supervisory council may present such a report to any general assembly, or may convene an ordinary or extraordinary assembly for any important issue it considers should be discussed.

The supervisory council may at any time request a report from the administrative council regarding its activity and may examine or assign other members to examine the company's documents.

Other duties of the supervisory council are determined in the statute.

Members of the supervisory council may not delegate the exercise of their duties to other persons.

The supervisory council may suspend the members of the administrative council until a decision is made by the general assembly, which is convened immediately and takes the necessary decisions due to the continuation of the activity.

CHAPTER IV COMPANY CAPITAL

Article 30 **Capital**

The mutual cooperation company has its own capital, which consists of the total amount of shares (contributions) paid by the members of the company. The value of the shares of the capital is determined in the statute of the company.

Article 31 **Composition of capital**

The capital of a mutual cooperation company is composed of a number of shares (contributions) which are nominative and each has the same value.

The value of the shares of capital, as determined in the statute of the mutual cooperation company, may under no circumstances be revalued, including by integrating the reserve funds created or any other assets created by the company during its activity.

Article 32 **Change of capital**

The capital of the mutual cooperation company may change in increase or decrease, based on the number of members of the company and the shares of capital that each member has in the company's capital.

Article 33 **The limit of capital reduction**

The net position of the capital of the mutual cooperation company consists of its capital and the reserve funds or other assets that remain after deducting the company's operating losses. The net capital position of the company may not fall below 3/4 of the maximum net capital position established by a general assembly.

Article 34 **Subscription of shares of capital for admission**

A member of the mutual cooperation company must subscribe to one or more shares of the capital. The shares of capital of the company have equal value. The number of shares required to be a member of the company is determined by the statute of each company and does not depend on the activities that the member carries out with the company. This number is the same for every person seeking to be admitted as a member of the company or for every admitted member.

The shares of capital required for the admission of each member to the mutual cooperation company are not rewarded.

The other shares of capital that are not necessary for the admission of a member to the mutual cooperation company are rewarded and are refundable.

Article 35 **Payment of shares of capital**

The statute of the company may provide for the terms of subscription and payment of shares of capital, as a guarantee for the transactions that members carry out with the mutual cooperation company.

Article 36

Rewarding of shares of capital

No income from the company's activity is added to the shares of capital of the mutual cooperation company.

Article 37

Contribution in kind

The shares of capital of the mutual cooperation company may be given in cash or in kind. They are fully discharged when the cash is paid or when the contribution in kind is assessed by the respective experts and is made available to the company.

Article 38

Transfer of shares of capital

The shares of capital of the company are inheritable. They may be purchased by third parties or by members of the company. In these cases, the transfer of shares of capital must be previously authorised by the administrative council of the mutual cooperation company.

Article 39

Conditions for the return of shares of capital

(Amended by Law No. 9039, dated 27.03.2003)

The share of capital of the company belonging to a member who leaves the company is determined according to the state of the company's assets and the number of members. The division is made on the basis of the latest balance sheet.

Article 40

Register of shares of capital

Every mutual cooperation company keeps a register with the names of the members who own shares of capital of the mutual cooperation company. In this register are recorded the dates of issuance and payment of the shares, as well as changes in their ownership.

CHAPTER V

FINANCIAL PROVISIONS

Article 41

Financial activity

(Second paragraph added by Law No. 9039, dated 27.03.2003)

The annual financial activity of the mutual cooperation company begins on January 1 and ends on December 31 of each year.

The annual balance sheet must be audited by an approved chartered accountant, who is appointed by the general assembly and has the right to participate in the meeting of the general assembly without the right to vote.

Article 42

Activity analysis

(Words added by Law No. 9039, dated 27.03.2003)

The administrative council of the mutual cooperation company draws up the management report, compiles the inventories and annual accounts in accordance with the relevant provisions of the law on accounting, and submits them for approval to the general assembly, within a period of three to four months, starting from the date of closing the annual financial activity.

Article 43

Reserve fund for risk coverage

(Second paragraph added by Law No. 9039, dated 27.03.2003)

The mutual cooperation company, during any profit-making activity, is required to hold an amount of money determined in the statute for the creation of a fund to cover the risks of its activity.

These reserves may be used only to cover losses caused by risks. The mutual cooperation company may provide in its statute, when deemed necessary, the creation of other reserves. In this case, the statute determines the amount to be paid for this fund and the entity that uses the fund.

Article 44

Legal reserve fund

(Last sentence added by Law No. 9039, dated 27.03.2003).

The mutual cooperation company, for the creation of the legal reserve fund, deposits each year 1/10 (one tenth) of the company's net profit, until the legal reserve fund equals the maximum value of the capital established during an annual general assembly of the mutual cooperation company. The general assembly decides on this fund.

Article 45

Mandatory reserve fund

(Repealed by Law No. 9039, dated 27.03.2003)

Article 46

Optional reserve fund

(Repealed by Law No. 9039, dated 27.03.2003)

Article 47

Reserve fund for interest on shares of capital

(Repealed by Law No. 9039, dated 27.03.2003)

Article 48

Non-distribution of financial reserves

(Some words repealed by Law No. 9039, dated 27.03.2003)

The reserves of the mutual cooperation company, regardless of their nature, may not be distributed to the members of the company. They are not distributed to members even in the event of their departure from the company.

Article 49

Use of net profit

(Amended by Law No. 9039, dated 27.03.2003)

The annual general assembly, after verifying the settlement of the company's obligations that have reached their due date, decides on the use of net profit, which shall be used only for:

1. creation of the reserves specified in accordance with the rules of the statute;
2. rewards for the activities that the members have carried out with the mutual cooperation company;
3. the value to be paid for the products and services provided by the members of the company or to reduce the cost of purchasing property, services, as well as for the settlement of loans.

The order of further distribution is specified in the statute.

Article 50
Rewards according to activity

The portion of profit allocated for rewards to the members of the company may be distributed to them only in proportion to the transactions they have carried out with the mutual cooperation company.

Article 51
Coverage of losses
(Second sentence amended by Law No. 9039, dated 27.03.2003)

In the event that the activity of the mutual cooperation company results in losses, these shall be covered by funds created specifically for this purpose. When these funds are depleted, the losses shall be covered from the reserves or other funds provided for in the statute. In the event of the depletion of the reserves, the losses shall be covered by the capital of the company. If, for this reason, that capital is reduced below three quarters of the maximum capital amount established during an annual general meeting, dissolution of the company shall be declared by the general assembly that determines this reduction, but only if the members of the company do not decide to subscribe new parts of the capital, increase the nominal value of the shares, or remit within one month the corresponding amounts to cover the loss. After this period, if the losses are not covered, the general assembly shall declare the dissolution of the company.

CHAPTER VI
REGISTRATION AND APPROVAL

Article 52
Registration requirements
(Amended first paragraph by Law No. 9747, dated 31.05.2007)

The application for the registration of the mutual cooperation company must be made by the chairman of the administrative council of the company and deposited with the authority assigned by special law for registration. The application for the registration of the company must be submitted together with its statute. The signatures appearing in the application for registration of the mutual cooperation company and the signatures appearing in its statute must be authenticated as genuine by the notary.

Article 53
Completion of the register
(First paragraph repealed by Law No. 9747, dated 31.05.2007)

The type, duration, if specified, name, headquarters, subject matter of activity, value of capital shares, as well as the names, surnames, dates of birth, and places of birth of the members of the administrative council shall be declared and registered.

The application and the statute of the mutual cooperation company are deposited in the annex of the register.

Article 54
Approval
(Amended by Law No. 9747, dated 31.05.2007)

The mutual cooperation company is registered with the body charged by special law for their registration.

The procedures, deadlines for registration, and the appeals procedure against the decision refusing the registration of the mutual cooperation company, are regulated according to the procedures provided by special law.

CHAPTER VII FINAL PROVISION

Article 55

Exemption from taxes

(Amended by Law No. 9039, dated 27.03.2003)

The mutual cooperation company is subject to taxation. Mutual cooperation companies operating in the field of agricultural and livestock production are exempt from taxes for the first five years of their activity. These companies lose this right when they merge with other companies that are not exempt from taxes.

Article 56

Dissolution

The dissolution of the mutual cooperation company may be decided by an extraordinary general assembly or may be declared by an annual assembly which finds that the share capital has fallen below three quarters of the maximum amount of capital established by an annual general assembly. The liquidation is carried out by a liquidator appointed by the assembly which has decided on the dissolution.

The dissolution of the company may also be effected upon the expiration of its term, upon the realization of the company's objective, by the will of all its members, or for reasons provided for in its statute.

Article 57

Liquidation

The liquidation of the company shall be carried out by one or more liquidators appointed by the general assembly which has decided on the dissolution of the company. The duties and responsibilities of the liquidators are governed by the rules adopted by the General Assembly.

Article 58

Use of capital for repayment of debts

The company's capital and its funds during the liquidation of the company shall be used by preference to pay the company's obligations. The social shares of the company's capital shall be paid partially or in full, only after all obligations of the reciprocal cooperation company to third parties have been paid.

Article 59

Financial liability of the members of the company

In the event that the obligations of the reciprocal cooperation company cannot be settled with its assets resulting from the liquidation, the members of the company shall be liable for the unsettled obligations up to double the nominal value of their shares in the company's capital as specified in the statute.

Article 60

Remainders after liquidation

(Amended by Law No. 9039, dated 27.03.2003)

After the liquidation of all obligations and the payment of the shares of the capital, if there is a remainder, it shall be divided among the members of the company.

Article 61

Entry into force

This law shall enter into force 15 days after its publication in the Official Gazette.

Announced by decree no. 1442, dated 5.4.1996 of the President of the Republic of Albania, Sali Berisha