



**CO-OPERATIVE BANKS DEVELOPMENT AGENCY**

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**Application for registration guideline  
for  
Co-operative Financial Institution**

## **1. Introduction.**

Guidelines are hereby provided for the completion of the application to register as a CFI on form CBDA001 and should be read in conjunction with:

- The Co-operative Act No 14 of 2005 (The Act)
- The Co-operative Banks Act 40 of 2007, (Co-op Banks Act)
- Supervisory and regulatory rules (Rules) for CFIs applying for registration to the CBDA, and
- Government Notice as gazette from time to time, the latest being 35368, No 404 of May 2012 (Exemption Notice).

## **2. Legislations.**

A Co-operative Financial Institution (CFI) shall at all-time subject itself to the supervision and regulations of the CBDA as per The Exemption Notice Section 3(a), and the Rules for an application to register a CFI will be considered once it:

- a) Meets all requirements for registration in term of the Co-operatives Act;
- b) Meets all requirements of the Exemption Notice;
- c) Meets the requirements of the CBDA Rules, prudential and operational standards published by the CBDA; and
- d) Meets all the requirements for membership of the representative body and provide a valid representative body membership certificate (if applicable).

Note: CFIs are requested to submit their completed applications directly to the CBDA until a representative body is registered and its administrative processes are set up to facilitate this process.

## **3. Minimum requirements for registration as CFI.**

Based on 2 (2.3) above, for an application to be considered for application as a CFI, it must meet the following minimum requirements:

- a) 200 members
- b) R100,000 in share capital;

- c) The institution is solvent<sup>1</sup>;
  - d) Members of a co-operatives that chooses to identify itself by use of the name Financial Co-operative, Financial Services Co-operative, Credit Union or Savings and Credit Co-operative;
  - e) It meets the common bond requirements as per the Exemption Notice which requires its members to:
    - i. Consist of persons who are employed by common employer(s) or who are employed within the same business district; or
    - ii. Have common membership in an association or organisation, including religious, social, co-operative, labour or educational groups; or
    - iii. Reside within the same defined community, rural or urban district; or
    - iv. Members of a secondary financial co-operative consisting of registered primary financial co-operatives.
- 3.1) The co-operative must also comply with the following co-operative principles:
- a) Voluntary and open membership, (without gender, social, racial, political, or religious discrimination);
  - b) Democratic member control, (co-operative is owned and controlled by their members, that one member has one vote);
  - c) Member economic participation, (benefits to membership is in proportion to the transaction with the co-operative);
  - d) Autonomy and independence, (co-operative is a self-help organisation controlled by their members);
  - e) Education, training and information, (should be provided to the members and employees for the development of the co-operative);
  - f) Co-operation among co-operative, (by working together with other co-operatives local, state, regional, national and international structures to strengthen the co-operative movement).

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<sup>1</sup> Solvency is defined as the degree to which the total assets of the institution exceed the total liabilities. It can also be defined as ability of an institution to meets its long term obligations. Solvency Ratio is equal to  $[(\text{Total Assets} + \text{Allowances for Risk Assets}) - (\text{Balance of Loans Delinquent greater than 12 months} + 0.35(\text{Balances of Loans Delinquent from 1 to 12 months}) + \text{Total liabilities} + \text{Problem Assets} - \text{Total Savings})]/(\text{Total Savings} + \text{Total Shares})$ .

- g) Concern for community, (should work for the sustainable development of communities).
- 3.2) Meets all the requirement of the Companies and Intellectual Property Commission (CIPC) for registration as a co-operative;
- 3.3) Meets all the requirement of the CBDA as per the rules.

#### **4. Registration procedure for a co-operative with CIPC.**

It is important to remember that registering a deposit taking CFI requires that you have authorisation to take deposits. This can only be obtained after first applying for registration to the CBDA, who, on approving your application, will forward all the above documentation to the CIPC. Your registration as a co-operative and financial co-operative is only completed once the CIPC approves your application.

Please note that before lodging an application as a co-operative to CBDA, a formation meeting must be held (4.1), a customer code must have been created (4.2) and a reservation of name must have been reserved (4.3 - if preferred), and supported by all relevant CIPC registration documentation requirements (please see 4.4 below)

##### **4.1) Formation Meeting**

- a) A Formation meeting is held once the founding members have done the initial ground work to establish the CFI. This would include speaking to interested parties, drafting a constitution, business plan and various policies that will be required from the co-operative.
- b) Once all the above has been completed, the formation meeting needs to be held with all persons that are interested in establishing the co-operative. At the formation meeting:
  - i. A chairperson is nominated for the meeting
  - ii. The initiators will outlines the aims and objectives of the proposed co-operative;
  - iii. All the arising questions should be answered;

- iv. Everyone, who meets the membership requirements, should be invited to join;
  - v. Those interested should be given an application form for Membership to complete;
  - vi. The persons that have completed the above-mentioned application confirm how many directors will be required to direct the co-operative;
  - vii. The signed up members will then elect the inaugural board of directors.
- c) The following are also discussed and agreed upon:
- i. The Objectives (exactly what the co-operative will do);
  - ii. Chosen name for the co-operative (and alternative names in case the first name is already registered by another enterprise). See notes under 4.3 for more information in this regard;
  - iii. Where will the premises (co-operative office) be located;
  - iv. The equipment, premises and other materials needed by the enterprise
  - v. Table the business plan;
  - vi. How will the co-operative be financed? How will the funds be obtained?
  - vii. Complete and lodge the necessary application documents explained hereunder, and
  - viii. Register as a CIPC customer by creating a customer code and pay the required fees. (See notes fewer than 4.2 for more information in this regard).

#### **4.2) Customer Code**

- a) Before a co-operative can transact with the CIPC for an application as a co-operative, it needs to register as a “Customer”, and deposit sufficient funds into the online CIPC account required for the specific service.

- b) A customer is any natural or legal person requiring interaction with the CIPC. A customer code is required in order to perform any transactions on the CIPC website, and also monitoring applications submitted under the customer code.
- c) Customer code can be created by generating 6 digits and the registration is free of charge.
- d) A Customer can register as a CIPC Customer by doing the following:
  - i. Registering Online at [www.cipc.co.za](http://www.cipc.co.za).
  - ii. Visit the CIPC Office in Pretoria (**The DTI Campus, Block F, 77 Meintjies Street, Sunnyside, PRETORIA**).
  - iii. Visit the CIPC Provincial Partners (e.g. Provincial SEDA) to register online.
  - iv. After submitting the application to register as a CIPC customer, the account will be activated immediately.
- e) Registering as a customer automatically establishes a virtual account in the name of the customer at CIPC. Before using any fee carrying services, a customer must deposit sufficient funds into his / her virtual account to perform such services. All prescribed disclosure and lodgement fees that are applicable will be deducted from the virtual account and ensuring that the reference number is clearly indicated, to enable CIPC to allocate the funds to the relevant customer account.
- f) To activate the virtual account (online account), into which you can deposit funds, email the application with a customer code to [data@cipc.co.za](mailto:data@cipc.co.za) or fax to: **086 673 8168**.
- g) The following payment options also exists:
  - i. CIPC Office, (Only cash payments).
  - ii. Electronic deposit (EFT, (You only need to quote your customer code in the reference field. The date and sequence number are not required).
  - iii. Any ABSA bank. You need to quote your customer code - supplement it by the full date of payment and sequence number, to make sixteen

characters e.g. MAKGOS1204201101. Allow 24 hours for funds to be allocated to your customer code.

- iv. Any other bank. Allow 2-3 days for funds to be allocated
- v. CIPC bank details are as follows:

Bank	ABSA
Account Type	Transmission Account
Account Name	CIPC
Account Number	4055 68 1017
Branch Name	Van der Walt Street
Payment Reference	CUSTOMER CODE DATE (DDMMYYYY) AND 01 (If the Reference Number is less than six characters long then use trailing zeros. (CUSTOMER CODE00DATE(DDMMCCYY01) <b>e.g. MAKG001204201101</b>

#### 4.3) Reservation of Name with the CIPC

- a) To reserve the name with CIPC is optional but preferable. To reserve a name a form CR5 (Reservation of name) should be completed.
- b) Members should discuss 5 alternative names for the co-operative and agree on a name and complete the CR5 form. The words "Primary /Secondary / Tertiary Co-operative Limited" must always appear at the end of the proposed name.
- c) The proposed name of a co-operative must not be the same or so similar to that of an existing co-operative that it may be misleading; or a name that is undesirable, prohibited or calculated to deceive, or otherwise, mislead. E.g. don't call yourself the Gauteng CFI when you serving the members residing in Diepsloot, Soweto.
- d) A co-operative must have the words "co-operative" or "co-op" as part of its name; and the word "limited" or the abbreviation "Ltd" as the last word of its

name, unless the constitution of a co-operative does not limit the liability of its members.

- e) The name must always indicate the main business objective of the co-operative. The name reservation can be completed and submitted online at CIPC website or downloaded and send to
- f) CIPC via post.
- g) It is an offence for any entity other than a co-operative registered in terms of the Act to (a) hold itself out as carrying on the business of a registered co-operative; (b) use or authorise the use of the words “co-operative”, “co-op”, “co-operative limited”, “co-operative Ltd”, or “co-op Ltd” as part of its name.

**4.4)** The following are CIPC registration documentation requirements:

To register a co-operative, the following must be submitted to CBDA:

- a) Certified copies of IDs of all founder members of co-operative and person lodging the application
- b) Form CR1, application form ( The list and signatures of founder members must correspond with the back of the constitution)
- c) Form CR4, appointment of auditors (attach a letter from an auditor of consent of appointment) or Form CR8 Exemption of certain auditing requirements
- d) Form CR5 , reservation of name
- e) Two (2) certified copies of the constitution which should be modelled on the CBDA model constitution (see example on CBDA website).

**5. Registration procedure for a CFI with CBDA**

**5.1) To register a CFI, the following must be submitted to CBDA:**

- a) Form CBDA 001, an application Form;
- b) Members resolution (in a form of minutes or completion of CR6 (special resolution for co-operative);
- c) Certificate of membership to a representative body (if applicable);
- d) Proof of bank account;
- e) Form CBDA 002, membership share register confirming 200 fully paid up members and at least R100,000 in shares;



- f) NCR certificate (if applicable);
- g) Business plan (including background, human and operational capacity, board experience, knowledge and qualifications, three year financial forecasts and a product sheet, (see guideline on CBDA website [www.treasury.gov.za/coopbank](http://www.treasury.gov.za/coopbank));
- h) Savings policy (see guideline on CBDA website) ;
- i) Lending policy (see guideline on CBDA website);
- j) Form CBDA 003 ,signed directors commitment ; and
- k) Proof of payment into CBDA bank account (deposit slip) of the application fee of R250.
- l) CBDA bank details are as follows:

Bank	FNB
Account Type	Public Sector Cheque Account
Account Name	Co-operative Banks Development Agency (CBDA)
Account Number	62240410530
Branch Code	253-145
Payment Reference	Use the name of the financial co-operative as a reference number. <b>e.g. Mathabatha</b>

**List of forms:**

***CIPC Co-operative Forms***

CR1 Application for registration of co-operative

CR4 Notice of appointment of auditor

CR8 Application for exemption from compliance with auditing requirement

***CBDA CFI Forms***

CBDA001 CFI Application for Registration

CBDA002 Member Share Register

CBDA003 Board of Directors Commitments

***List of Guidelines, all available on the CBDA website:***

<http://www.treasury.gov.za/coopbank/supervisory%20CFIs/guidancenotes/Guidelines.aspx>

Model Constitution

Business Plan

Financial Forecast

Savings Policy

Loan Policy

Common Bond

5.1) High-level Process flow chart for submission of new application.

