

Law 119/2015, August 31,

as amended by the Law 66/2017, August 9.

Approves the Cooperative Code and repeals the Law 51/96, September 7

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The Assembly of the Republic decrees, according to the Article 161(c) of the Constitution, the following:

Chapter I

General provisions

Article 1

Approval and scope

This law approves the Cooperative Code and applies to the cooperatives of all degrees and to the related organizations, whose special legislation refers to it explicitly.

Article 2

Definition

- 1- The cooperatives are autonomous legal persons, united voluntarily, of variable capital and composition, which, through cooperation and mutual assistance of its members and in accordance with the cooperative principles, aim, without lucrative purposes, to satisfy the economic, social or cultural needs and aspirations of said members.
- 2- In the pursuit of their purpose, the cooperatives are allowed to conduct business with third parties, without prejudice to any limits laid down by the applicable laws for each branch.

Article 3

Cooperative principles

The cooperatives, in their incorporation and functioning, comply with the following cooperative principles, which form part of the statement on the cooperative identity adopted by the International Cooperative Alliance:

1st Principle - Voluntary and open membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle - Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decision. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3rd Principle - Member economic participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle - Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle - Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

6th Principle - Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th Principle - Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Article 4

Branches of the cooperative sector

I - Without prejudice to others who come to be legally consecrated, the cooperative sector includes the following branches:

- a) Agricultural;
- b) Craft;
- c) Trade;

- d) Consumers;
- e) Credit;
- f) Culture;
- g) Education;
- h) Housing and building;
- i) Fisheries;
- j) Worker production;
- k) Services;
- l) Social Solidarity.

- 2- It is admitted the incorporation of multi-purpose cooperatives, which are characterized by being able to develop their own activities in several branches of the cooperative sector, having each one of them to indicate in its incorporation which branches they choose as an element of reference, to integrate them in higher-degree cooperatives.
- 3- The complementary legislation regulates the various cooperative branches.
- 4- The social solidarity cooperatives that pursue the purposes foreseen in the Article I of the Statute of the Private Social Solidarity Institutions, approved by the Decree-Law 119/83, February 25, as amended by the Decree-Law 172/2014, November 14, and which are recognized as such by the Directorate-General of Social Action, they are assimilated to private social solidarity institutions, applying to them the same status of rights, duties and benefits, namely taxation.

Article 5

Types of cooperatives and members

- 1- There are primary or higher-degree cooperatives.
- 2- The primary cooperatives are those whose cooperators are natural or legal persons.

- 3- The higher-degree cooperatives are the unions, federations and confederations of cooperatives.
- 4- The cooperatives can integrate investor members.

Article 6

Public Interest Cooperatives

- 1- In accordance with the special legislation, it is allowed the incorporation of public interest cooperatives, or 'régies cooperativas', characterized by the participation of the State, other legal persons under public law and cooperatives, users of goods and services produced or any entities of the social economy.
- 2- This Code applies to the cooperatives of public interest, or 'régies cooperativas', as long as it doesn't contravene the special legislation.

Article 7

Cooperative initiative

- 1- While complying with the law and the cooperative principles, the cooperatives may carry on any economic activity freely.
- 2- The access and performance of activities that may be developed by private companies, or by other entities of the Social economy, cannot be prohibited, restricted or conditioned to the cooperatives.
- 3- The rules that regulate and guarantee the exercise of any activities carried out by private companies or other entities of the same nature as well as by any entities of the Social Economy shall apply to the cooperatives, with the adaptations inherent to the specificities resulting from the provisions of this Code and complementary legislation.

4- The administrative acts contrary to the preceding paragraphs or to the principles enshrined therein shall be null and void.

Article 8

Association of cooperatives with other legal persons

- 1- The cooperatives are allowed to associate with other legal persons, as long as the association complies with the cooperative principles of autonomy and independence.
- 2- For the purposes set out in the preceding paragraph, the association can take place even if this association does not lead to the incorporation of another legal person.
- 3- In cooperatives that result exclusively from the association between cooperatives, or between these and legal persons under public law or other entities of the Social Economy, the voting regime could be the one adopted by the higher-degree cooperatives.

Article 9

Subsidiary Law

One can resort to the Commercial Companies Code, namely to the provision applicable to the public limited companies, to bridge the gaps of this Code, that cannot be addressed through the use of the applicable complementary legislation to the various branches of the cooperative sector, to the extent that they do not violate the cooperative principles.

CHAPTER II Incorporation

Article 10

Form of incorporation

The incorporation of cooperatives must be written, unless it is required a more formal procedure for the transfer of assets representing the share capital with which the cooperators join the cooperative.

Article 11

Minimum number of cooperators

- 1- The number of members of a cooperative is variable and unlimited, but it cannot be less than three in primary cooperatives and two in higher-degree cooperatives.
- 2- The additional legislation concerning each branch may, however, require as minimum a larger number of cooperators.

Article 12

Founders Meeting

- 1- Those interested in establishing a cooperative shall meet in a Founders Meeting, whose members shall elect at least the president, who convenes and directs the necessary meetings, until the members of the bodies of the incorporated cooperative take office.
- 2- Each interested party shall have one vote.

- 3- In order to the cooperative to be incorporated, it is necessary that those who voted in favor of its incorporation and its statutes meet the minimum number legally required, being the number of those who have voted otherwise irrelevant.

Article 13

Minutes

- 1- The board of the Founders Meeting shall draw up a minute, which must contain:
 - a) The resolution of the incorporation and the corresponding date;
 - b) The place of the meeting;
 - c) The name of the cooperative;
 - d) The branch of the cooperative sector to which it belongs or that chooses as an integration space, in case of being multi-purpose;
 - e) The object;
 - f) The goods or the rights, the work or the services, with which the cooperators contribute;
 - g) The holders of the bodies of the cooperative for the first term;
 - h) The identification of the founders who have approved the minutes.
 - i) The identification of the investor members, if there are any.
- 2- The incorporation minutes shall be signed by those who have approved the incorporation of the cooperative.
- 3- The statutes approved are listed in a document attached to the minutes and they are signed by the founders.

Article 14
Amendment to the statutes

The amendments to the cooperative statutes must comply with the form required for the incorporation act.

Article 15
Designation

- 1- The name adopted shall always be followed by the expressions “cooperative”, “union of cooperatives”, “federation of cooperatives” or “confederation of cooperatives”, and also “limited liability” or “unlimited liability”, or the corresponding abbreviations, as appropriate.
- 2- The use of the word “cooperative” and its abbreviation “coop.” is exclusively reserved for cooperatives and their higher-level organizations, and its adoption by others is punishable under the applicable legislation.
- 3- The name must be registered in the National Registry of Legal Persons.

Article 16
Elements of the statutes

- 1- The statutes must contain:
 - a) The name of the cooperative and the location of the headquarters;
 - b) The branch of the cooperative sector to which it belongs, or that it chooses as an integration space, in case of being multi-purpose, as well as the object of its activity;
 - c) The duration of the cooperative, when it is not for an indefinite period;
 - d) The bodies of the cooperative;

- e) The conditions of assignment of the plural voting, if this form of voting is provided in the cooperative statutes;
- f) The amount of initial share capital, the amount of admission fees, if these are payable, the value of securities and the minimum share capital to be subscribed by each cooperator;
- g) The conditions and limits of the existence of investor members, when there are any.

2- The statutes may also include:

- a) The requirements of admission, suspension, expulsion and dismissal of members and their rights and duties;
- b) The penalties and preventive measures, as well as the general conditions in which they are applied;
- c) The terms of office of the holders of the governing bodies;
- d) The rules for the convening and functioning of the General Meeting and, when it exists, of the Meeting of Delegates;
- e) The rules on the distribution of surpluses, establishment of reserves and restitution of the capital contributions to the outgoing members;
- f) The process of liquidation and sharing of the cooperative's assets, in case of winding up.

3- In the absence of statutory provision with respect to the matters set out in the preceding paragraph, there shall be applied the provisions contained in this Code.

Article 17

Acquisition of legal personality

The cooperative acquires legal personality with the registration of its incorporation.

Article 18
Liability before registration

- 1- Before registering the incorporation act of the cooperative, all those who have performed acts in the name of the cooperative or authorized such acts are jointly and severally liable.
- 2- The remaining members are liable up to the limit of the value of subscribed shares, plus the sums they have received as distribution of surpluses.

Chapter III
Members

Article 19
Cooperators

- 1- The cooperators of primary cooperatives may be all persons who, in compliance with the requirements and conditions provided in this Code, in the applicable complementary legislation to the several branches of the cooperative sector and in the cooperative statutes, require the Board of Directors to admit them.
- 2- The admission is decided upon and communicated to the candidate within the time limit laid down in the statutes or additionally within a maximum period of 180 days and the decision, in case of refusal, must be substantiated.
- 3- The decision on the requirement for admission is subject to appeal to the first subsequent General Meeting.
- 4- The members of the cooperative and the candidate, who may attend this General Meeting and participate, without voting rights, in the discussion of this item on the agenda, have the right to appeal.

Article 20

Investor members

- 1- The statutes may provide for the admission of investor members, whose total sum of the entries may not exceed 30% of the entries made in the cooperative.
- 2- The admission referred to in the previous number can be made through the
 - a) Subscription of equity securities;
 - b) Subscription of investment securities.
 - c) The admission of investor members must be approved at a General Meeting and be preceded by a proposal from the Board of Directors.
 - d) The proposal for the admission of the investor members made by the Board of Directors, under the terms of the previous number, must include the following elements:
 - a) The minimum capital to be subscribed by the investor members and the terms of its achievement;
 - b) The number of votes to be allocated to each investor member and the criteria for its allocation;
 - c) The list of rights and duties to which the investor members are specially bound;
 - d) The termination date as an investor member, if the admission is made for a limited period;
 - e) The conditions for leaving as an investor member;
 - f) The possible existence of restrictions of the investor members to the integration in the corresponding governing bodies of the cooperative, being necessary to be specified the reasons behind the restrictions.

Article 21

Rights of the cooperators

- 1- The cooperators are entitled, inter alia, to:
 - a) Participate in the economic and social activity of the cooperative;
 - b) Take part in the General Meeting, presenting proposals, discussing and voting the points listed in the agenda;
 - c) Elect and be elected to the bodies of the cooperative;
 - d) Request for information from the competent bodies of the cooperative and analyze the management report and accountability documents, during the periods and under the conditions that are determined by the statutes, by the General Meeting or by the Board of Directors;
 - e) Require the convening of the General Meeting on the terms laid out in the statutes and, when this is not convened, require the convening to the court;
 - f) Participate in the cooperative education and training activities;
 - g) Resign.
- 2- The decisions of the Board of Directors on the matters covered in the subparagraph d) of the preceding paragraph may be subject to appeal before the General Meeting.
- 3- The competent bodies may refuse to provide information when this results in the violation of secrecy imposed by law.

Article 22

Duties of the cooperators

- 1- The cooperators must respect the cooperative principles, the laws and the cooperative statutes and the corresponding rules of procedure.
- 2- The cooperators must also:

- a) Take part in the General Meetings;
- b) Accept and hold social positions for which they have been elected, unless there are legitimate reasons to be excused;
- c) Participate in the activities of the cooperative and provide the work or service incumbent assigned to them, under the terms established in the statutes;
- d) Perform the payments provided for in this Code, in the statutes and in the rules of procedures;
- e) Fulfill any other obligation arising from the cooperative statutes.

Article 23

Liability of the cooperators

The liability of the cooperators is limited to the amount of subscribed capital, notwithstanding the fact that the cooperative statutes may state that the liability of the cooperators is unlimited or limited for some and unlimited for others.

Article 24

Termination of Membership

- 1- The cooperators may request to terminate their membership under the conditions established in the statutes or, where not expressly stated otherwise, at the end of the financial year, by giving 30 days' notice, provided that any debts and liabilities of the members are satisfied.
- 2- The non-compliance with the 30 days' notice determines that the dismissal becomes effective only at the end of the following financial year.
- 3- The statutes may not suppress the right to withdraw, but they can limit it by establishing terms and conditions for its exercise.

Article 25
Disciplinary procedure

- 1- There can be applied to the cooperators the following penalties:
 - a) Reprimand;
 - b) Fine;
 - c) Temporary suspension of rights;
 - d) Loss of mandate;
 - e) Exclusion.
- 2- The application of any penalty provided for in the previous paragraph is always preceded by written procedure.
- 3- There must be in the written procedure the indication of the infractions, its qualification, the evidence provided, the defense of the accused and the proposed application of the penalty.
- 4- It cannot be supplied the invalidity resulting from:
 - a) Lack of court hearing of the accused;
 - b) Insufficient individualization of the violations charged against the accused;
 - c) Lack of reference to the legal, statutory or regulatory provisions violated;
 - d) Omission of any essential proceedings for the discovery of truth.
- 5- The application of the penalties referred to in paragraph 1(a), (b) and (c) is incumbent upon the Board of Directors, with admissibility of appeal to the General Meeting.
- 6- The application of the penalties referred to in paragraph 1(d) and (e) is incumbent upon the General Meeting.
- 7- The application of the penalty provided for in paragraph 1(c) has one-year limit.

Article 26

Exclusion

- 1- The exclusion of a member must be based on serious and culpable breach provided for:
 - a) In this Code;
 - b) In the applicable complementary legislation to the corresponding branch of the cooperative sector;
 - c) In the cooperative statutes or in its rules of procedures.
- 2- When the cause of exclusion consists of late payment of charges, as it is laid down in the statutes, it becomes expendable the procedure laid down in the paragraph 2 of the preceding Article, being, in this case, mandatory the prior notice, send to the domicile of the offender, under registration, with indication of the period in which he can settle its situation.
- 3- The proposal of exclusion is reasoned and notified in writing to the accused, at least seven days in advance, considering the date of the General Meeting which decides on it.
- 4- The exclusion must be deliberated within the maximum period of one year from the date on which any of the holders of the Board of Directors was aware of the fact that allows the decision-making.
- 5- It is possible to appeal to the courts on the resolution of the General Meeting that decides the exclusion.
- 6- To the member excluded of the cooperative it shall be applied the final part of the Article 89, paragraph I.

CHAPTER IV
Bodies of the Cooperatives

Section I
General principles

Article 27
Bodies

- 1- The bodies of the cooperatives are:
 - a) The General Meeting;
 - b) The Board of Directors;
 - c) The Supervisory Board.
- 2- The cooperative statutes may also allow the existence of other bodies, as well as give powers to the General Meeting or the Board of Directors to appoint special committees of limited duration for the performance of certain tasks.
- 3- When in this Code there are mentioned jointly the bodies of the cooperatives in terms that imply that they are integrated by a limited number of holders, it is understood that the reference does not cover the General Meeting as a whole, but only the corresponding board.

Article 28
Structure of the management and supervision

- 1- The management and supervision of the cooperative can be structured according to one of the following modalities:
 - a) Board of Directors and a Supervisory Board;

- b) Board of Directors with an Audit Committee and a Statutory Auditor;
 - c) Executive Board of Directors, a General and Supervisory Board and a Statutory Auditor.
- 2- In the cases provided for by the law, instead of the Board of Directors or the Executive Board of Directors there might be only one Director and instead of the Supervisory Board there might be a Sole Auditor.
 - 3- In the cooperatives that structure themselves according to the modality provided for in the paragraph I(a) and which are legally obliged to the legal certification of accounts, it is mandatory the existence of a Statutory Auditor who is not a member of the Supervisory Board.
 - 4- The cooperatives with a Sole Director cannot follow the modality provided for in the paragraph I(b).

Article 29

Election of the holders of the Governing Bodies

- 1- The holders of the governing bodies are elect in General Meeting among the cooperators, except as provided for in the paragraphs 7 and 8.
- 2- The holders of the governing bodies are elected for a period of four calendar years, counting as complete the calendar year in which the election takes place.
- 3- In case of vacancy of the position, the cooperator or investor member assigned to fill it completes the term.
- 4- The Chairman of the Board of Directors can only be elected to three consecutive terms.
- 5- The preceding paragraph does not cover the terms already served or ongoing terms.

- 6- Without prejudice to the rule referred to in the paragraph 4, the statutes may limit the number of consecutive terms for the Board of the General Meeting, the Board of Directors and the Supervisory Board, and to any other established bodies.
- 7- The Statutory Auditor is elected by the General Meeting, together with the Supervisory Board, with a term corresponding to the same length.
- 8- The investor members can be elected in accordance with the Article 20, paragraph 4(f), not being able under any circumstances to represent more than 25% of the number of effective elements which form part of the body for which they are elected.

Article 30

Loss of mandate

The causes for the loss of mandate of the holders of the cooperative bodies are:

- a) Conviction for culpable insolvency;
- b) Conviction for the crimes of intentional/culpable or negligent/unintended insolvency of the cooperative, crimes against the public sector or against the cooperative and social sector, particularly by appropriation of goods of the cooperative and social sector and by damaging administration in economic unit integrated in the sector.
- c) Serious violation of the operational obligations

Article 31

Incompatibilities

- 1- No cooperator may simultaneously be a member of the Board of the General Meeting, the Board of Directors, the Supervisory Board, or any other elected bodies provided for in the statutes.

- 2- The spouses and the people who live in a consensual union may not be elected for the same governing body of the cooperatives with more than 20 members or be both holders of the Board of Directors and the Supervisory Board.
- 3- Being the elected cooperator a legal person, the incompatibility provided for in the paragraph 1 refers to natural persons designated for the enforcement of governing positions.

Article 32

Functioning of the bodies

- 1- In all the cooperative bodies, the corresponding president has the casting vote.
- 2- No cooperative body can work without being filled, at least, half of its positions and it should be carried out, in the opposite case and within one month, the filling of the verified vacancies, without prejudice to these being occupied by substitute holders, whenever they are provided for in the statutes.
- 3- The decisions of the elective bodies of the cooperative shall be taken by a simple majority with the presence of more than half of its effective holders.
- 4- The voting regarding the elections of the cooperative bodies or the issues of personal incidence of the cooperators are fulfilled by secret ballot. The applicable complementary legislation to the several branches of the cooperative sector, or the statutes, are able to foresee other cases where this way of scrutiny is mandatory.
- 5- The minutes of the meetings of any cooperative body are always drawn up and they are compulsory signed by those who perform duties as president.
- 6- The resolutions of the General Meeting may be appealed to the Courts.

Section II General Meeting

Article 33

Definition, composition and resolutions of the General Meeting

- 1- The General Meeting is the supreme body of the cooperative and its resolutions are taken in accordance with the legal and statutory terms, mandatory for the remaining bodies of the cooperative and to all its members.
- 2- All the cooperators and investor members in full enjoyment of their rights participate in the General Meeting.
- 3- The cooperative statutes may provide for General Meetings of Delegates, who are elected in accordance with the Article 44 of this Code.

Article 34

Ordinary and extraordinary meetings of the General Meeting

- 1- The General Meeting meets in ordinary and extraordinary meetings.
- 2- The ordinary general meeting meets necessarily twice a year, one until March 31 for consideration and voting of the issues referred to in the Article 38 (b) and (c) of this Code, and another until December 31 for consideration and voting of the issues referred to in the subparagraph (d) of the said Article.
- 3- Without prejudice to the complementary legislation of each branch or to the statutes being able to provide differently, the extraordinary general meeting meets when convened by the Chairman of the Board, on his own initiative, at request of the Board of Directors or the Supervisory Board, or at request of, at least, 5% of the members of the cooperative, in a minimum of three.

Article 35
Board of the General Meeting

- 1- Unless otherwise provided in a statutory provision, the Board of the General Meeting consists of a Chairman and a Vice-Chairman.
- 2- The Chairman shall:
 - a) Convene a general meeting;
 - b) Chair the general meeting and direct the agenda.
 - c) Verify the conditions of eligibility of the candidates to the cooperative bodies;
 - d) Give possession to the cooperators elected for the cooperative bodies.
- 3- In his absence and when otherwise engaged, the Chairman is replaced by the Vice-Chairman.
- 4- In the absence of any member of the Board of the General Meeting, the Board shall elect the corresponding substitutes, among the cooperators present, which will cease their functions at the end of the meeting.
- 5- It is motive for the dismissal of the Chairman of the Board of the General Meeting, non-convening the General Meeting in the cases in which he is obliged.
- 6- It is reason for dismissal of any of the members of the Board of the General Meeting the non-attendance without justifiable reason to, at least, three consecutive or six non-consecutive sessions.

Article 36
Convening the General Meeting

- 1- The General Meeting is convened by the Chairperson of the General Meeting or, in special cases provided by law, by the Audit Committee, the General and Supervisory Board, or the Supervisory Board, with at least 15 days' notice.

- 2- The notice, that contains the agenda of the meeting, as well as the day, the hour and the location of the meeting, is published in a written social media body, preferably from the county, the administrative region or the autonomous region where the cooperative has its headquarters and that has a biweekly maximum regularity.
- 3- In the cooperatives with less than 100 members, the publication foreseen in the previous number is substituted by sending the notice to all the cooperators by registered postal delivery or delivered personally by protocol, or still, regarding the members that communicate previously their consent, sent through e-mail with reading receipt.
- 4- In the cooperatives with 100 or more members, the publication foreseen in the paragraph 2 is optional if the notice is sent to all the cooperators in the terms foreseen in the previous number.
- 5- The notice is always displayed where the cooperative has its headquarters or other forms of social representation.
- 6- The notice of the extraordinary general meeting shall be done within fifteen days after the request or application referred to in the Article 34, paragraph 3, and the meeting shall be held within thirty days from the date of reception of the request or application.

Article 37

Quorum

- 1- The General Meeting congregates at the time appointed in the notice, if half of the cooperators entitled with voting rights or if their duly accredited representatives are present.
- 2- If, at the appointed time for the meeting, the number of members provided for in the preceding paragraph is not present and the statutes do not dictate otherwise, the General Meeting gathers with any number of cooperators, one hour later.

- 3- In case of the notice of the General Meeting being done in extraordinary meeting and at request of the cooperators, the meeting will only be held if, at least, three quarters of the petitioners are present.

Article 38

Competence of the General Meeting

The following matters should be considered within the exclusive competence of the General Meeting:

- a) To elect and to dismiss the holders of the cooperative bodies, including the Statutory Auditor;
- b) To assess and to vote annually the management report and accountability documents, as well as the opinion of the Supervisory Board;
- c) To assess the legal certification of accounts, when there is one;
- d) To assess and vote the budget and the business plan for the following financial year;
- e) To set the interest rates to be paid to the members of the cooperative;
- f) To approve the form of distribution of surpluses;
- g) To amend the statutes, as well as adopt and amend the rules of procedure;
- h) To approve the merger and division of the cooperative;
- i) To approve the voluntary winding up of the cooperative;
- j) To approve the cooperative's membership in unions, federations and confederations;
- k) To decide on the exclusion of the cooperators and the dismissal of the holders of the governing bodies and still function as a Board of Appeal, either regarding the admission or refusal of new members, or in relation to the penalties imposed by the Board of Directors;
- l) To set the remuneration of the holders of the governing bodies of the cooperative, when the statutes don't prevent it;

- m) To decide on the proposition of cooperative actions against the Directors and holders of the Supervisory Board, as well as the waiver and transaction in these actions;
- n) To assess and vote on matters specifically provided for in this Code, in the applicable complementary legislation to the corresponding branch of the cooperative sector or in the statutes.

Article 39

Resolutions

There are null and void all the resolutions taken on matters other than those listed in the agenda laid down in the notice, unless, being present or duly represented all the members of the cooperative, in full enjoyment of their rights, they agree, unanimously, with the corresponding inclusion, or if it applies to the subject referred to in the Article 78, paragraph 3.

Article 40

Voting

- 1- In the General Meetings of the primary cooperatives, each cooperator has one vote, regardless of its participation in the respective share capital.
- 2- It is required a qualified majority of at least two-thirds of the votes cast in the approval of the matters listed in the Article 38 (g), (h), (i), (j) and (m) of this Code or of any others for which voting the statutes provide for a qualified majority.
- 3- In the case of the Article 38 (i), the winding up does not take place if at least the minimum number of members referred to in the Article 11 declares itself willing to ensure the permanence of the cooperative, regardless of the number of votes against.

Article 41

Plural Vote

- 1- The statutes may provide for plural votes at the primary General Meetings, if the cooperative:
 - a) Has at least 20 cooperators;
 - b) It is not a cooperative of worker production, craft, fisheries, consumers or social solidarity.
- 2- The statutes can only establish that the plural vote is assigned based on the activity of the cooperator in the cooperative.
- 3- The number of votes attributed to each cooperator or investor member, under the terms of the previous numbers, must have the following limits:
 - a) three, if the cooperative has up to 50 cooperators;
 - b) five, if the cooperative has more than 50 cooperators.
- 4- Despite the existence of plural votes in the statutes, in the voting of the matters listed in the Article 38 (g), (h), (i), (j) and (m) each cooperator has only one vote.
- 5- Regarding the investor members, in accordance with the Article 20, it may be assigned plural voting, in the conditions and criteria to be laid down by the statutes.
- 6- Without prejudice to the provisions of the preceding paragraph, no investor member can have voting rights higher than 10% of the total votes of the cooperators.
- 7- The investor members cannot have, in total, voting rights higher than 30% of the total votes of the cooperators.
- 8- It is applicable to the voting of the investor members, the provisions of the paragraph 4 of this Article.

Article 42

Postal voting

- 1- It is admitted the postal voting, under the condition that its vote is expressly stated regarding the point or points of the agenda and that the statutes regulate its exercise, the manner to verify its authenticity and ensure its confidentiality.
- 2- The votes cast by post are worth as void votes regarding the resolution proposals submitted subsequently to the issue of the vote.

Article 43

Voting by proxy

- 1- It is admitted the voting by proxy and the power of attorney, shall only be attributable to another cooperator or to a family member of the grantor with legal age to vote, being recorded in a written and dated document addressed to the Chairman of the General Meeting, and the statutes must ensure the authenticity of the instrument of representation.
- 2- Each cooperator might be only represented by another member of the cooperative, unless the statutes provide for a higher number.

Article 44

Sectorial meetings

- 1- The statutes may provide for the holding of sectorial meetings when the cooperatives consider it desirable, either because of their activities or due to their geographic area.
- 2- The number of delegates for the General Meeting to be elected in each sectorial meeting is established, as provided for in the statutes, depending on the number of cooperators or the volume of activity of each section or both.

- 3- The number of delegates for the General Meeting to be elected by each sectorial meeting must be determined annually by the Board of Directors, in accordance with the preceding paragraph.
- 4- The provisions of the Articles 33 to 43 shall apply to the sectorial meetings, with the necessary adaptations.

Section III Board of Directors

Article 45 Composition

- 1- In the cooperatives with more than twenty members, the Board of Directors is composed by a chairman and two other members of the Board, one of them substitutes the Chairman in its absence and when otherwise engaged, when there is no Vice-chairman.
- 2- In the cooperatives that have up to twenty members, the statutes can foresee that the management is assured by just one Director that assigns who substitutes him in its absence and when otherwise engaged.
- 3- The statutes may expand the composition of the Board of Directors by ensuring that the number of its holders is always odd.
- 4- There are applicable to the only holder of the Board of Directors the provisions concerning this body that do not involve the plurality of holders.

Article 46 Duties of the holders of the Board of Directors

- 1- In the exercise of the position, the Directors must:

- a) Practice the necessary acts to the defense of the cooperative and cooperators interests, as well as the safeguard of the cooperative principles;
- b) Use the due diligence to the exercise of its functions, namely in the monitoring of the economic and financial evolution of the cooperative and in the adequate preparation of the decisions.

2- The Directors of the cooperative are not allowed to:

- c) Negotiate, on their own, directly or through a third party, with the cooperative without damage to the practice of the acts inherent to the quality of cooperator;
- d) Exert a competing activity with the one of the cooperative, except upon authorization of the General Meeting;
- e) Take advantage of the cooperative business opportunities for their own benefit, unless authorized by the General meeting.

3- The duties prescribed in the previous numbers are applicable to the holders of the Supervisory Board of the cooperative.

Article 47 Competence

The Board of Directors is the management and representation body of the cooperative, which must, namely:

- a) Elaborate annually and submit to the opinion of the Supervisory Board and to the appreciation and approval of the General Meeting the management report and the accountability documents, as well as the business plan and the budget for the following year;
- b) Execute the annual business plan;
- c) Address the requirements of the Supervisory Board in the matters that fall within their competence

- d) Decide on the admission of new members and the application of penalties foreseen in this Code, in the applicable complementary legislation to the several branches of the cooperative sector and in the statutes, within the limits of its competence;
- e) Ensure that the law, the statutes, the rules of procedures and the resolutions of the cooperative bodies are respected;
- f) Hire and manage the necessary staff to the activities of the cooperative;
- g) Represent the cooperative in and out of court;
- h) Keep the regularity of the books, accounting records and documents that support them.

Article 48

Meetings

- 1- The Board of Directors shall meet at least once a month, convened by the Chairman.
- 2- The Board of Directors meets extraordinarily whenever the Chairman convenes it, on his own initiative or at the request of the majority of its members.
- 3- The Board of Directors can only take decisions with the presence of more than half of its members.
- 4- The alternate members, when the statutes provide for their existence, may attend and participate in the meetings of the Board of Directors, without voting rights.
- 5- The members of the Supervisory Board may attend the meetings of the Board of Directors.

Article 49

Legally binding the cooperative

If the statutes are silent, the cooperative is legally bound with the signatures of two of the Directors, except on the routine matters, where the signature of one of them is enough.

Article 50

Delegation of power

- 1- Unless otherwise stipulated by statutory provisions, the Board of Directors may delegate management powers for the practice of certain categories of acts to any of its members.
- 2- The Board of Directors may delegate to any or some of its members or representatives powers of representation of the cooperative in a certain act.
- 3- The matters regarding the admission, dismissal and application of penalties to the cooperators cannot be delegated.

Section IV

Supervisory Board

Article 51

Composition

- 1- The supervision of the cooperatives that adopt the modality foreseen in the Article 28, paragraph 1(a) is carried out:
 - a) In the cooperatives with more than 20 cooperators, by a Supervisory Board composed of a Chairman and two other members;

- b) In the cooperatives that have up to 20 cooperators, by a single holder;
 - c) In the cooperatives that are legally obliged to the legal certification of accounts, by a Supervisory Board composed of a Chairman and two other members, and a Statutory Auditor or an Audit Company whose members do not belong to the Supervisory Board.
2. The statutes may extend the composition of the Supervisory Board, ensuring always that the number of its members is odd and it can also predict the existence of alternate members.
 3. There are applied to the Sole Auditor the provisions for this body, with the exception of those which require the plurality of holders.

Article 52

Duties of holders of the Supervisory Board

- I- The holders of the Supervisory Board must:
 - a) Attend the meetings of the General Meeting in which they analyze the accounts of the financial year, as well as attend the meetings of the Board of Directors to which the Chairman convenes them;
 - b) Make a conscientious and unbiased supervision;
 - c) Keep secrecy of the facts and information which has come to their knowledge due to their duties;
 - d) Record in writing and inform the Board of Directors on the checks, supervision and proceedings that they have done and their result;
 - e) Report on the first General Meeting that takes place all the irregularities and inaccuracies they checked, and if they had the clarification required for the performance of their duties.

- 2- The holders of the Supervisory Board cannot take advantage, except with the express consent of the General Meeting, of commercial or industrial secrets acquired in the course of their duties.

Article 53 Competence

The Supervisory Board has the following competences:

- a) Verify the compliance with the law and the statutes;
- b) Supervise the cooperative management;
- c) Verify the regularity of the books, accounting records and the documents that support them;
- d) Verify, when necessary, the cash balance and the existence of bonds and securities of any kind, which shall be recorded in the corresponding minutes;
- e) Draft a report on the supervisory activity held during the year and issue an opinion on the management report and accountability documents, the business plan and the budget for the following year, based on the opinion of the Statutory Auditor, in the cases of the Article 70, paragraph 1;
- f) Request the convening of an Extraordinary General Meeting, in accordance with the Article 34, paragraph 3;
- g) Convene the General Meeting, when the Chairman of the Board does not do it, being legally obliged to do so;
- h) Meet the other attributions provided for by law or the statutes.

Article 54 Meetings

- 1- The Supervisory Board meets at least once every three month, upon convening of the Chairman.

- 2- The Supervisory Board meets extraordinarily whenever the Chairman convenes it, on his own initiative or at request of the majority of its members.
- 3- The alternate members of the Supervisory Board, when the statutes provide for their existence, may attend and participate in the meetings of this Board, without voting rights.

Article 55

Quorum

- 1- The Supervisory Board can only take decisions with the presence of more than half of its members.
- 2- The resolutions of the Supervisory Board are taken by majority and the members that do not agree with those resolutions must write in the minutes the reasons of their disagreement.

Section V

Audit committee

Article 56

Composition

- 1- The Audit Committee referred in the Article 28, paragraph 1(b) is composed by part of the members of the Board of Directors.
- 2- The Audit Committee is composed by an odd number of members established in the cooperative statutes, and at least three effective members.
- 3- The exercise of executive and representation duties of the cooperative in acts of executive nature are forbidden to the holders of the Audit Committee.

Article 57

Designation of the Audit Committee

- 1- The holders of the Audit Committee are elected by the General Meeting together with the other Directors.
- 2- The lists proposed for the Board of Directors shall discriminate against the members that are intended to integrate the Audit Committee.
- 3- The Audit Committee should designate its Chairman if the General Meeting does not designate him.

Article 58

Duties of the Audit Committee's members

The holders of the Audit Committee must:

- a) Attend the meetings of the Audit Committee;
- b) Attend the meetings of the General Meeting in which the accounts from the financial year are analyzed, as well as the meeting of the Board of Directors to which the Chairman convenes the Audit Committee;
- c) Keep secrecy of the facts and information which have come to their knowledge due to their duties.

Article 59

Meetings of the Audit Committee

- 1- The meeting of the Audit Committee must be held, at least, every two months.
- 2- It is applicable to the meeting of the Audit Committee the provisions in the Article 54, mutatis mutandis.

Article 60

Dismissal of holders of the Audit Committee

- 1- The General Meeting can only dismiss the holders of the Audit Committee, provided that it happens for a justified reason.
- 2- The holders concerned must be heard in the General Meeting on the acts for which they are being prosecuted.
- 3- The dismissal of the holders of the Audit Committee implies the termination of duties as members of the Board of Directors.

Article 61

Reference Provision

The Articles 51 to 54 are applicable to the Audit Committee, mutatis mutandis.

Section VI

Executive Board of Directors

Article 62

Composition

- 1- In the cooperatives that adopt the system provided for in the Article 28, paragraph 1(c), the Executive Board of Directors is composed:
 - a) In the cooperatives with more than 20 members, by a Chairman and two other members, one of them replaces the Chairman in its absences and when otherwise engaged, when there is no Vice-Chairman.
 - b) In the cooperatives that have up to 20 members, by an Executive Director that appoints who substitutes him in his absences and when otherwise engaged.

- 2- The statutes may expand the composition of the Executive Board of Directors, ensuring that the number of its holders is always odd.
- 3- There are applicable to the Executive Director the provisions regarding this body, except those which require the plurality of holders.

Article 63.

The relations between the Executive Board of Directors and the General and Supervisory Board

- 1- The Executive Board of Directors must notify the General and Supervisory Board:
 - a) At least once a year, the management policy that it intends to follow, as well as the facts and issues that fundamentally determined his options;
 - b) Once every three months, the situation of the cooperative and the evolution of its activity;
 - c) The full management report on the previous financial year, in order to deliver an opinion to present at the General Meeting.
- 2- The Executive Board of Directors must inform the Chairman of the General and Supervisory Board about any fact or business that can have significant influence on the profitability or liquidity of the cooperative and, in general, on any abnormal situation.
- 3- The Chairman of the General and Supervisory Board and a Deputy designated by this body have the right to attend the meetings of the Executive Board of Directors.

Article 64
Reference Provision

With the adjustments determined by the competences legally vested in the General and Supervisory Board, there are applicable to the Executive Board of Directors the provisions of the Articles 45 to 49.

Section VII
General and Supervisory Board

Article 65
Composition

The General and Supervisory Board referred to in the Article 28, paragraph 1(c), is composed of an odd number of holders established in the statutes, but always higher than the number of holders of the Executive Board of Directors.

Article 66
Competence

- 1- It is applicable to the General and Supervisory Board the provisions of the Article 53.
- 2- The General and Supervisory Board shall also be responsible for the representation of the cooperative in the relations with the Executive Board of Directors.

Article 67

Management powers

- 1- The General and Supervisory Board has no management powers of the cooperative's activities, without prejudice to the statutes providing that the Executive Board of Directors must obtain prior consent of the General and Supervisory Board for the practice of certain acts or certain categories of acts.
- 2- Being refused the consent referred to in the preceding paragraph, the Executive Board of Directors may submit the dispute to the decision of the General Meeting, and the decision to which the General Meeting gives its consent must be taken by the majority referred to in the Article 40, paragraph 2.

Article 68

Meetings

- 1- The General and Supervisory Board meets, at least, once every three months when the Chairman convenes it.
- 2- The General and Supervisory Board meets extraordinarily whenever the Chairman convenes it, on his own initiative or at the request of the majority of its holders.
- 3- It shall be applied to the General and Supervisory Board the provisions of the Article 55.

Article 69

Reference Provision

It is applicable to the General and Supervisory Board the provisions of the Articles 46 and 52.

Section VIII Statutory Auditor

Article 70 Assignment and duties

- 1- In the cooperatives that are structured according to the modalities foreseen in the Article 28, paragraph 1(a), that are legally obliged to the legal certification of accounts, and in the Article 28, paragraph 1(b) and (c), the General Meeting assigns a Statutory Auditor or an Audit Company.
- 2- The Statutory Auditor has the following duties:
 - a) To verify the regularity of the books, accounting records and supporting documents;
 - b) To verify, when and how he considers to be appropriate, the extension of the cashbox and the stocks of any type of goods or values belonging to the cooperative;
 - c) To verify the accuracy of the accountability documents;
 - d) To check if the accounting policies and the valuation criteria adopted by the cooperative lead to a correct evaluation of the assets and the results.
- 3- The designation is done for the period of the term of the remaining governing bodies.

Section IX

The civil liability by the management and supervision of the cooperative

Article 71

Civil liability of the members of the Board of Directors towards the cooperative

- 1- The Directors answer to the cooperative for the damages caused by acts or omissions practiced while neglecting the legal or statutory duties, rules of procedures and resolutions of the General Meeting, unless they prove that they acted without guilt.
- 2- The Directors are responsible, namely, for the damages caused by the following acts:
 - a) Practice, on behalf of the cooperative, of acts that differ from the object or the interests of the cooperative or allowing the practice of such acts;
 - b) Payment of values not owed by the cooperative;
 - c) The lack of recovery of claims that, due to that, had prescribed;
 - d) Distribution of fictitious surpluses that violates the present Code, the applicable complementary legislation to the several branches of the cooperative sector or the statutes;
 - e) Exploitation of the corresponding term of office, with or without use of goods or claims of the cooperative, for its own benefit or third parties, natural or legal persons.
- 3- The Directors are not responsible for the resultant damages of a collegiate resolution if they didn't participate in it or have voted against, as long as they draw up their vote in the minutes.

- 4- The approval by the General Meeting of the management report and the accountability documents does not imply the waiver of the compensation rights of the cooperative against the Directors, except if the facts constituting the liability were expressly brought to the knowledge of the members of the cooperative before the approval.
- 5- The favorable opinion of the Supervisory Board or its consent does not relieve the liability of the holders of the Board of Directors.
- 6- The delegation of the Board of Directors' powers in one or more representatives does not exempt from liability the holders of the Board of Directors, except as provided in the Article 50 of this Code.

Article 72

Executive Directors, managers and other representatives

The Executive Directors, managers and other representatives are responsible towards the cooperative by violating the term of office.

Article 73

Liability towards the creditors of the cooperative

- 1- The Directors are held accountable towards the creditors of the cooperative when, by the non-observance of legal or statutory provisions destined to their protection, the assets become insufficient for the satisfaction of the corresponding credits.
- 2- In particular, the Directors are accountable towards the creditors of the cooperative when guiltily the assets of the cooperative become insufficient due to:
 - a) Distribution among the cooperators of the legal reserve;
 - b) Distribution of other mandatory reserves;
 - c) Distribution of fictitious surpluses.

Article 74

Liability towards third parties

The Directors are held accountable, in general terms, by the cooperators and third parties for any damage directly caused to them in the performance of their duties.

Article 75

Joint Liability

- 1- The liability of the Directors is joint and several.
- 2- The right to return exists to the extent of the corresponding guilt and the consequences that emerge from them, assuming equal the blame of those who are responsible.

Article 76

Liability of the holders of the Supervisory Board

- 1- The holders of the Supervisory Board are held accountable in accordance with the foregoing provisions applied.
- 2- The holders of the Supervisory Board are held accountable jointly and severally with the Directors of the cooperative due to acts or omissions of these in the performance of the duty, when the damage would not happen if they fulfilled their obligations of supervision.

Article 77

Liability of the Statutory Auditor

- 1- The Statutory Auditor is held accountable by the cooperative and cooperators for the damage caused due to its wrongful behavior, under the Article 73.

- 2- The Statutory Auditors are held accountable by the creditors of the cooperative in accordance with the Article 71.

Article 78

Right of Action

- 1- The liability action proposed by the cooperative relies on the resolution of the cooperators and it shall be proposed in a period of six months after the said resolution.
- 2- The cooperative is represented in the action by the Board of Directors or the cooperators that are elected by the General Meeting for that purpose.
- 3- In the meeting where the accountability documents are assessed, and even if such issues are not part of the agenda of the notice, decisions can be made on the liability action and on the dismissal of the Directors who the Meeting considers to be responsible.
- 4- Those whose liability is at stake may not vote on the decisions provided for in the preceding paragraphs.

Article 79

Liability action proposed by cooperators

- 1- A liability action may be filed against the Directors of the cooperative, in order to repair the damage that the cooperative has suffered, provided that the cooperative has not itself filed such action.
- 2- It is considered that the cooperative did not request compensation for the damage when:
 - a) The General Meeting decided not to propose the liability action of the Directors;
 - b) After the deadline provided in the previous Article, the action of the cooperative was not proposed.

- 3- In order to be able to propose the liability action against the Directors of the cooperative, it must meet the minimum percentage of ten percent of the cooperators.
- 4- The cooperators may instruct one or any of them to represent them for the purpose of exercising the right provided for in this Article.
- 5- In the action of the cooperative proposed under the terms of the previous Articles, the cooperative is called to the judicial process through its representatives.
- 6- The provisions of this Article may be verified independently of the claim for compensation of the individual damages that have been caused to the cooperators.

Chapter V Economic Regime

Article 80 Liability

- 1- Only the assets of the cooperative shall be held accountable by the creditors for its debts, except as provided for in the following paragraph.
- 2- Each cooperator limits his liability to the amount of the share capital subscribed, without prejudice to a statutory provision that specifies otherwise.
- 3- Being stipulated the liability of the cooperators for the debts of the cooperative, it is subsidiary to the cooperative and joint and several among those who are responsible.

Article 81 Share Capital

- 1- The share capital resulting from the contributions subscribed at each moment is variable.

- 2- Unless there is a minimum otherwise provided for by the applicable complementary legislation to each of the branches of the cooperative sector, this amount shall not be less than EUR 1,500.
- 3- The statutory share capital can be increased by resolution of the General Meeting, upon proposal from the Board of Directors with the issuance of new securities to be subscribed by the members or by the addition of non-compulsory reserves whose allocation does not result from transactions with third parties.

Article 82 Securities

- 1- The share capital is represented by the securities that have a nominal value of five Euros or one of its multiples.
- 2- The securities are nominative and they shall have the following terms:
 - a) The denomination of the cooperative;
 - b) The registration number in the cooperative;
 - c) The value;
 - d) The date of issue;
 - e) The number, in continuous series;
 - f) The signature of who compels the cooperative;
 - g) The name and signature of the cooperator holder.
- 3- The securities representing cooperative share capital may be represent in book-entry form, and so the provisions of the Title II of the Portuguese Securities Code apply to these securities mutatis mutandis.

Article 83

Minimum amount to be subscribed by each cooperator

- 1- The minimum amount to be subscribed by each cooperator, in the act of admission, must correspond to the minimum value provided for in the applicable complementary legislation to each one of the branches of the cooperative sector or in the cooperative statutes.
- 2- The minimum amount may not be less than the equivalent to three shares.

Article 84

Payment of capital

- 1- The subscribed capital may be paid in cash, goods or rights.
- 2- It is possible the deferral of cash contributions, on the terms and time periods mentioned in the following paragraph, since at the time of the incorporation of the cooperative it is fully paid at least 10% of the value of the share capital.
- 3- By statutory provision, it may be deferred the payment of cash contributions and the payment of the deferred contributions can be made in certain dates or be dependent on certain facts, and it may, in any case, be required the payment from the moment it makes five years from the date of incorporation of the cooperative or the resolution of an increment in the share capital by new contributions.
- 4- The value of the contributions in kind is set in the General Meeting of Incorporators or in the General Meeting through a report prepared by a Statutory Auditor or an Audit Company, without interest in the cooperative, designated by decision of the General Meeting, in which the cooperators who make the contributions are prevented from voting.
- 5- The deferral of the contributions in cash provided for in paragraphs 2 and 3 shall not be applied to the investor members.

Article 85

Contributions in labor or services

There cannot be issued securities in return for contributions in labor or provision of services, without prejudice to the legislation applicable to each one of the branches of the cooperative sector to be able to require a mandatory contribution in capital or labor to get the status of cooperator.

Article 86

Transfer of securities

1. Securities are only transferable with the permission of the Board of Directors or, if the cooperative statutes so require, with authorization of the General Meeting, provided that the acquirer or successor is already a cooperator or has requested admission by satisfying the required conditions.
2. The cooperator that intends to transfer its securities shall communicate it in writing to the Board of Directors, having the refusal or granting of authorization to be communicated to the cooperator, in the maximum period of 60 days counting from the day of the request, otherwise this transfer may become valid and efficient, if the transferee is already a cooperator or congregates the admission conditions demanded.
3. The "inter vivos" transfer of the securities is handled:
 - a) In the case of the titled, through the endorsement of the equity, signed by the transferor and acquirer and by who binds the cooperative, being endorsed in the corresponding registry book;
 - b) In the case of the non-titled, through the register in the account of the acquirer, being endorsed in the corresponding registry book.
- 4 - The *mortis causa* transfer of securities is handled through the presentation of the supporting document showing the capacity of the heir or legatee, by means of which it is endorsed in its name:

- a) In the case of the titled, in the corresponding register, being the security signed by who binds the cooperative and by the heir or legatee;
 - b) In the case of the non-titled, on the account of the purchaser, being endorsed in the corresponding registry book.
5. Not being permissible the mortis causa transfer, the heir or legatee is entitled to reimbursement of the securities, in the terms foreseen in the Article 89.
 6. The personal creditor of the cooperator cannot pledge, to repay its debts, the securities owned by the cooperator.

Article 87

Acquisition of securities by the cooperative

The cooperative can only acquire securities representing its capital when the acquisition is free of charge.

Article 88

Compensation of securities

- 1 - By means of statutory provision, there can be paid interests for the securities.
- 2 - In the hypothesis foreseen in the previous number, the total amount of the interests cannot be higher than 30% of the annual net results.

Article 89

Redemption

- 1 - In case of redemption of the securities, the cooperator who presents his dismissal has right to the amount of the securities held according to their nominal value, within the period established by the statutes or, additionally, within the maximum period of one year.

- 2 - The nominal value referred in the previous number is increased of the interests to which the cooperator has right to regarding the last financial year, of the share of the surpluses and the non-mandatory divisible reserves, after deduction, where applicable, of the losses that are attributed to him as revealed in the balance sheet of the financial year relating to which the right to reimbursement arose.
- 3 - The statutes can foresee that when the amount of the securities to be reimbursed in a financial year exceeds a certain percentage of the amount of the share capital that is established in said statutes, redemption will be subject to a resolution of the Board of Directors.
- 4 - *The suspension of the reimbursement must be justified and subject to ratification by the General Meeting. (Repealed)*

Article 90

Contributions that don't integrate the share capital and other sources of funding

- 1 - The cooperative statutes may require the payment of an admission fee, payable as a lump sum or in instalments.
- 2 - The amount of the admission fees will be allocated to the mandatory reserves, as indicated in the statutes, within the limits of the law.
- 3 - The General Meeting can decide other sources of funding that do not include the share capital and that may take the form of issuing investment securities or bonds, being subjected to the regimen set out in the following Articles.

Article 91 Investment securities

- 1 - The cooperatives can issue investment securities, by means of decision of the General Meeting that establishes the purposes and conditions in which the Board of Directors can use the corresponding product.
- 2 - There can be issued, namely, investment securities that:
 - a) Give right to an annual compensation, consisting of a fixed portion, calculated applying to a fraction of the nominal value of each security, a tax that is predetermined, invariable or reported to a reference indicator, and a variable portion, calculated according to the results, the turnover or any other element of the cooperative's activity;
 - b) Grant its holders the right to a reimbursement premium, either fixed or depending on the revenues achieved by the cooperative;
 - c) Present rate and reimbursement plan variable according to the revenues;
 - d) Are convertible into securities, if its holder congregates the conditions of admission legally required for the producing members or users;
 - e) Present a share premium.
- 3 - The investment securities issued in the terms of the subparagraph (a) of the previous number are reimbursed only in case of liquidation of the cooperative and only after the payment to all the other creditors of the cooperative, or if the cooperative decides to do so, after the expiry of at least five years since its completion, on the conditions established for the issue.
- 4 - Investment securities can be subscribed by persons outside the cooperative, but its members have an option of pre-emptive subscription rights for convertible investment securities.
- 5 - The cooperatives may not acquire investment securities themselves, unless they do so free of charge.

6 - The investment securities issued by cooperatives can be treated as bonds of the commercial companies in the part that is not regulated by this Code.

Article 92

Issuance of investment securities

- 1 - The General Meeting must decide on the issuance of investment securities fixed interest rate and other conditions of issuance.
- 2 - The investment securities are nominative and transferable in accordance with the law and meet the requirements set out in the Article 82, paragraph 2.
- 3 - It is responsibility of the General Meeting to decide if the subscribers of the investment securities that are not members of the cooperative shall participate, even though without voting rights, in the General Meeting.
- 4 - The cooperatives cannot issue investment securities that exceed the value of the paid-up and existing capital, in the terms of the last balance sheet approved, plus the amount of the increased capital paid after the closing date of these financial statements.
- 5 - It cannot be decided an issuance of investment securities while previous issuance has not been fully subscribed.

Article 93

Public subscription of investment securities

The issuance for public subscription of investment securities must be preceded by an external audit of the cooperative, subject to the regime established by law for this type of issue.

Article 94

Special protection of the interests of investment securities subscribers

- 1 - The General Meeting shall decide that the subscribers of investment securities assembled for this purpose may elect a representative in the cooperative entitled to attend the meetings of the Supervisory Board and he is provided with all the information to which the members of that Board are entitled.
- 2 - Once the decision referred to in the preceding paragraph is made, the rights granted by it can only be extinct with the express consent of all the investment securities subscribers.

Article 95

Bonds

- 1 - The cooperatives can also issue bonds, in accordance with the provisions established in the Portuguese Companies Code for the bonds issued by public limited companies, whose application does not affect the cooperative principles nor the provisions of this Code.
- 2 - There are not admitted, in particular, bonds that are convertible into securities or that give the right to subscribe one or several securities.

Article 96

Legal reserve

- 1 - It is mandatory the establishment of a legal reserve whose purpose is to cover any early financial losses.

- 2 - It is allocated to this reserve, according to the proportion that is determined in the statutes or, if these fall short, by the General Meeting, a percentage which shall not be less than 5%, the sum of the admission fees and the annual net surpluses.
- 3 - These allocations are made non-compulsory if the reserve reaches an equal sum to the share capital reached by the cooperative in the financial year.
- 4 - The legal reserve can only be used to:
 - a) Cover the part of the losses accrued in the balance sheet of the financial year that cannot be covered by the use of other reserves;
 - b) Cover the part of the losses of the previous financial year that cannot be covered by the results of the financial year, nor by the use of other reserves.
- 5 - If the losses of the financial year are superior to the sum of the legal reserve, the difference can, by resolution of the General Meeting, be demanded to the cooperators, proportionally to the transactions carried through each one of them, being the legal reserve reconstituted to the previous level where it was before its use to cover losses.

Article 97

Reserve for cooperative education and training

- 1 - It is mandatory the establishment of a reserve for the cooperative education and cultural and technical training of the cooperators, workers of the cooperative and the community.
- 2 - It is allocated to this reserve as established in the paragraph 2 of the previous Article:
 - a) The part of the admission fees that are not tied to the legal reserve;
 - b) The part of the net annual surpluses proceeding from the transactions with the cooperators that is established by the statutes or the General Meeting in a percentage that cannot be inferior to one percent;

- c) The grants and the subsidies that are especially designed for the purpose of the reserve;
 - d) The annual net results proceeding from the transactions carried through with third parties that are not allocated to other reserves.
- 3 - The forms of application of this reserve are determined by the General Meeting.
 - 4 - The Board of Directors shall integrate annually in the business plan a training plan for the application of this reserve.
 - 5 - By decision of the General Meeting, the Board of Directors of a cooperative can deliver, in whole or in part, the sum of this reserve to a higher degree cooperative, under the condition of this cooperative pursuing the purpose of the reserve considered and to have a business plan in which the said cooperative is involved.
 - 6 - By resolution of the General Meeting, it can be also allocated by the Board of Directors the whole or a part of this reserve to education and training projects that, jointly or separately, imply the cooperative considered and:
 - a) Another or other cooperatives;
 - b) One or more entities of the social economy;
 - c) One or more legal persons of public law.
 - 7 - The reserve for cooperative education and training is not held accountable for the debts of the cooperative towards third parties, but only for the obligations contracted under the scope of the activity to which it is assigned.

Article 98

Other reserves

- 1 - The applicable complementary legislation to the diverse branches of the cooperative sector or the statutes can foresee the constitution of other reserves, having, in this case, to determine its way of formation, application and liquidation.
- 2 - The establishment of other reserves can be equally determined in General Meeting, under the provisions set in the final part of the previous number.

Article 99

Insusceptibility of distribution

All the mandatory reserves, as well as the ones resulting of surpluses proceeding from transactions with third parties, are insusceptible of any type of distribution between the cooperators and the investor members.

Article 100

Distribution of surpluses

- 1 - The annual net surpluses, except those arising from transactions carried out with third parties that are left after the possible payment of interests on securities and allocations to the several reserves, may return to the cooperators.
- 2 - It cannot proceed to the distribution of surpluses between the cooperators, nor create free reserves before having compensated the losses of the previous financial years, or having used the legal reserve to compensate those losses, before the reserve has been rebuilt to the level prior to its use.

Chapter VI

Unions, federations and confederations

Article 101

Unions, federations and confederations

- 1 - The unions, federacies and confederations of cooperatives acquire legal personality upon registration of their incorporation, applying to it, in everything that is not specifically regulated in this chapter, the applicable provisions to the primary cooperatives.

2 - Without damage of the federations and confederations having to fill the requirements necessary to be recognized as representative of the part of the cooperative sector that to each one corresponds, all the cooperative structures of higher degree lawfully represent the entities that comprise them, directly and indirectly, and the corresponding members.

Article 102

Unions

- 1 - The unions of cooperatives result from the grouping of, at least, two primary cooperatives.
- 2 - The unions of cooperatives can gather with each other and with primary cooperatives in the form of unions.

Article 103

Competences of the Unions

The unions have purposes of economic, social, cultural nature and technical assistance to its members and they may, in accordance with the law and with observance of the cooperative principles, conduct any activity.

Article 104

Voting Right

- 1 - The statutes may allocate to each one of the cooperatives a number of votes determined whether it is based on the number of his cooperators or due to any other objective criterion that in accordance with the democratic principle gets the approval of the majority of the members of the union.

- 2 - The number of votes is determined annually by the General Meeting that approves the management report and the accounts of the previous financial year.

Article 105

Bodies of the unions

The bodies of the cooperative unions are the ones foreseen for the primary cooperatives, with the following adaptations:

- a) The General Meeting is constituted by holders of the Board of Directors or by delegates of the affiliated cooperatives, being able to determine in the statutes that only one of the representatives can take the floor and vote and being the corresponding elect Board among the members of the affiliated cooperatives for a term of equal duration to the one of the other bodies;
- b) The Board of Directors and the Supervisory Board have collegiate nature and are composed of natural person's members of the affiliated cooperatives.

Article 106

Federations

- 1 - The federations result from the grouping of cooperatives or simultaneously of cooperatives and unions that belong to the same branch of the cooperative sector.
- 2 - The complementary legislation can foresee the incorporation of federations of the same branch of the cooperative sector, in the terms of the previous number that result from the grouping of members that develop the same economic activity.
- 3 - The federations of cooperative can only represent the corresponding branch of the cooperative sector when they prove that they possess more than fifty percent of the members of the primary cooperatives registered of the branch corresponding to the social object of the federation.

- 4 - If necessary for its development and having a relevant connection between its purposes:
- a) Two or more federations of different branches can merge into only one federation;
 - b) A primary cooperative of a different branch can join a federation, as long as this one accepts it;
 - c) A union that embraces cooperatives belonging to different branches can join a federation, as long as this one accepts it.
- 5 - It is applicable to the federations of cooperatives, mutatis mutandis, the provisions in the Articles 102, 104 and 105.

Article 107 Confederations

- 1 - The confederations of cooperatives result from the grouping, on a national level, of higher-degree cooperatives being able, exceptionally, to group primary cooperatives, considering representative of the cooperative sector the ones that prove they integrate, at least, fifty percent of the federations definitively registered of the branch or branches corresponding to the social object of the confederation.
- 2 - It is applicable to the confederations of cooperatives, mutatis mutandis, the provisions in the Articles 102, 104 and 105.
- 3 - The confederations bodies are the ones foreseen for primary cooperatives and the Board of the General Meeting, the Board of Directors and the Supervisory Board are composed of natural persons' members of the cooperative structures that integrate the Confederation.

Article 108

Competences of the federations and confederations

The federations and confederations have purposes of representation, coordination and provision of services and may, in accordance with the law and with observance of the cooperative principles, conduct any activity, in particular:

- a) Represent, defend and promote the interests of the member organizations, the cooperators that are members of these and the cooperative sector;
- b) Provide economic and social services to its members;
- c) Promote and encourage the inter-cooperation between their members and the several branches of the cooperative sector;
- d) Foster and promote cooperative education and training, with the power to manage reserves for the education and training of members;
- e) Disseminate the cooperative values and principles and promote the cooperative model;
- f) Negotiate and conclude collective labor agreements;
- g) Mediate the resolution of conflicts among their members and between their members and their cooperators.

Chapter VII

Merger, division, conversion, winding up and liquidation of the cooperatives

Section I

Merger, division and conversion

Article 109

Forms of merger of cooperatives

- 1 - The merger of cooperatives can be done through integration or incorporation.
- 2 - The merger by integration of a new cooperative takes place when two or more cooperatives, with the simultaneous extinction of their legal personality, establish a new cooperative that assumes all the rights and obligations of the merged cooperatives.
- 3 - The merger of cooperatives can only be fully accomplished by decision of, at least, two thirds of the votes of the cooperators present or represented in extraordinary General Meeting convened for this purpose.
- 4 - A merger of cooperatives can only be validly carried out by a resolution of at least two-thirds of the votes of the cooperators present or represented at an extraordinary General Meeting convened for the purpose.
- 5 - By means of prior favorable opinion of António Sérgio Cooperative for Social Economy (CASES), the higher-degree cooperatives may legally demand the merger by incorporation of one or more higher-degree cooperatives, which assume all the rights and obligations of the cooperatives that are integrated into them or with which they have a relevant connection when any of the following circumstances occurs:

- a) If the absence or inactivity of the governing bodies is identified for a period longer than 12 months, or where it is impossible to elect them;
- b) If activities unrelated to the social object of the cooperative are carried out on a repeated basis.

Article 110

Division of cooperatives

- 1 - The division of a cooperative happens whenever there is a division of its members and assets with the consequent creation of one or more new cooperatives.
- 2- The division can be total or partial, as it is verified simultaneously or not, the extinction of the original cooperative.
- 3 - The provisions of the paragraph 4 of the previous Article are applicable to the division of cooperatives.

Article 111

Invalidity of the conversion

The conversion of a cooperative into any form of commercial company is null and void, as are all acts that thwart or circumvent said legal prohibition.

Section II

Winding up, liquidation and sharing

Article 112

Winding up

I - The cooperatives are wind up due to:

- a) Exhaustion of the object, unbeatable impossibility of its pursue or lack of correspondence between the real object and the object indicated in the statutes;
- b) Expiration of the time, if the cooperative has been established temporarily;
- c) Verification of any other extinctive cause provided for in the statutes;
- d) Reduction of the number of members below of the legally foreseen minimum, for a period higher than twelve months and as long as such reduction is not temporary or occasional;
- e) Merger or full division;
- f) Decision of the General Meeting;
- g) Final court decision that declares insolvency of the cooperative;
- h) Final court decision that verifies that the cooperative does not respect in its functioning the cooperative principles, that uses frequently illegal means to pursue its objectives or that resorts to the cooperative form to achieve undue legal benefits;
- i) Omission of delivery of the income tax return during two consecutive years communicated by the tax administration to the competent registry office;
- j) Communication of the absence of activity verified under the tax legislation, done by the tax administration to the competent registry office;

- k) Communication of the unofficial statement of termination of activity under the tax legislation done by the tax administration to the competent registry office;
- 2 - In the cases of exhaustion of the object and in the ones foreseen in the subparagraphs (b), (c), (e) and (f) of the preceding paragraph, the winding up is immediate.
- 3 - When there is an insurmountable impossibility of pursuance of the object or the lack of correspondence between the object pursued and the object expressed in the statutes, as well as in the cases referred to in the subparagraph (d) of the paragraph 1, the winding up is declared in administrative procedure of winding up, opened at request of the cooperative, of any cooperator or his successor, without prejudice to the provisions of the Article 118, paragraph 2.
- 4 - In the cases referred to in the paragraph 1(i), (j) and (k), the winding up is declared in administrative procedure of winding up, opened automatically by the competent registry office.

Article 113

Process of liquidation and sharing

- 1 - The winding up of the cooperative, whatever the reason, entails the appointment of a Winding Up Board in charge of the liquidation process of the corresponding assets.
- 2 - The General Meeting that decides on the winding up shall elect a Winding Up Board, on which it confers the powers required to carry out the liquidation, within the time established.
- 3 - The cases of winding up provided for in the paragraph 1 a) to (e) and (i) to (k) of the preceding Article shall apply the legal framework of the settlement procedure through administrative channels of commercial entities.

- 4 - In the cases where there has been administrative winding up promoted unofficially, the liquidation is also promoted automatically by the Registry Office.
- 5 - The case of winding up provided for in the paragraph 1(g) of the preceding Article shall apply, mutatis mutandis, the Insolvency and Corporate Recovery Code.
- 6 - The cases of winding up provided for in the paragraph 1(h) of the preceding Article shall apply, mutatis mutandis, the regime of compulsory winding up proceedings of companies listed in the Code of Civil Procedure.
- 7 - When the liquidation has been completed, the Winding Up Board shall present the accounts to the General Meeting, to the Registry Office or to the court, as appropriate, organizing, in the form of a chart, a project of distribution of the balance, in accordance with the following Article.
- 8 - The last General Meeting, the Registry Office or the Court, as appropriate, designate who will have the custody of the cooperative's books, papers and documents, which must be kept for a period of five years.

Article 114

Destination of the assets in liquidation

- 1 - Once met the costs of the own settlement process, the balance achieved by this one is applied immediately and in the following order:
 - a) To pay wages and benefits due to the workers of the cooperative;
 - b) To pay the remaining debts of the cooperative, including the redemption of investment securities, bonds and any other possible benefits due to the members of the cooperative;
 - c) To redeem the securities.

- 2 - The amount of the legal reserve, established in accordance with the Article 96, which was not intended to cover possible losses of the financial year and which are not susceptible to different application, can be transfer with identical purpose, to the new cooperative entity formed as a result of the merger or division of the cooperative in liquidation.
- 3 - When after the cooperative in liquidation it does not appear any new cooperative entity, the application of the balance of mandatory reserves shall be paid back to another cooperative, preferably from the same municipality to be determined by the federation or confederation representing the main activity of the cooperative.
- 4 - The reserves established in accordance with the provisions of the Article 98 of this Code are applicable, in terms of liquidation, and if the statutes don't provide otherwise, the established in the paragraphs 2 and 3 of this Article.

Chapter VIII

António Sérgio Cooperative for Social Economy (CASES)

Article 115

Duties of CASES

- 1 - The António Sérgio Cooperative for Social Economy, referred to as CASES, has the responsibility to supervise, in accordance with the law, the use of cooperative form with respect for the cooperative principles and norms relating to its incorporation and functioning.
- 2 - CASES has also the duties and powers foreseen in the corresponding statutes, in this Code and in the complementary legislation applicable to several branches of the cooperative sector.

Article 116

Acts of mandatory reporting

The cooperatives are obliged to send to CASES:

- a) Copy of the incorporation acts and amendment of the statutes, until 30 days after registration;
- b) Copy of the annual management reports and the annual accountability documents, until 30 days after their approval;
- c) Copy of the social balance, in accordance with the law, when its elaboration is mandatory up to 30 days after its elaboration.

Article 117

Credential Attesting

- 1 - It is responsibility of CASES to issue an annual credential attesting to the legal incorporation and proper functioning of the cooperatives.
- 2 - The technical and financial support to the cooperatives on behalf of public entities is subject to credential attesting issued by CASES.

Article 118

Winding up of the Cooperatives

- 1 - CASES must require, through the Public Prosecution, to the competent court the winding up of the cooperatives that:
 - a) Do not respect in its incorporation or functioning the cooperative principles; or
 - b) Use systematically illicit means to pursuit its object; or

- c) Resort to the cooperative form to improperly attain tax benefits or others given by public entities.
- 2 - CASES must require, to competent registry office, the administrative procedure of winding up of the cooperatives whose activity does not correspond to the object stated in the statutes.
- 3 - The entities that take the decisions indicated in the Article 112, paragraph 1(g) to (k) of this Code must communicate to CASES, every three months, the identification of the wound up cooperatives.

CHAPTER IX

Final and Transitional Provisions

Article 119

Application of Cooperative Code to the existing cooperatives

- 1 - The statutory provisions governing cooperatives established under the law prior to the entry into force of the amendments to the Cooperative Code and that ceased to be in force shall be automatically replaced by the new applicable provisions of the Cooperative Code, subject to the amendments which will be discussed by the members.
- 2 - The denominations in force of the cooperative governing bodies do not need to be compulsory changed for the present Code.

Article 120

Tax and financial benefits

The tax and financial benefits of the cooperatives, provided for by the Constitution, are subject to autonomous legislation.

Article 121
Administrative Offence

- 1 - It is an administrative offence punishable by a fine of EUR 250 to EUR 25,000, the violation of the provisions in the Article 15, paragraph 2.
- 2 - It is an administrative offence punishable by a fine of EUR 250 to EUR 2,500, the violation of the Article 116.
- 3 - The investigation of the administrative offence proceeding and the implementation of the corresponding fine are responsibility of CASES.
- 4 - The allocation of the proceed from the fine is made as follows:
 - a) 40% for CASES
 - b) 60% for the State.

Article 122
Repeal and entry into force

- 1 - The Cooperative Code is repealed, approved by the Law 51/96, September 7, amended by the decree-laws 343/98, November 6; 131/99, April 21; 108/2001, April 6; 204/2004, August 19; 76-A/2006, March 29 and 282/2009, October 7; as well as all the legislation in force that contravenes the provisions of this law.
- 2 - This law shall enter into force on the 30th day after its publication.

Approved in July 22, 2015.

The President of the Assembly of the Republic, Maria da Assunção A. Esteves

Promulgated in August 20, 2015.

It shall be published.

The President of the Republic, ANÍBAL CAVACO SILVA.

Endorsed in August 24, 2015.

By the Prime Minister, Paulo Sacadura Cabral Portas,

Deputy Prime Minister.