

Text/Reference Book Series No.31

May 1984

BY-LAWS
OF THE
NAGAI FISHERY COOPERATIVE ASSOCIATION

Nagai-cho, Yokosuka
Kanagawa Prefecture, Japan

ZENGYOREN
National Federation of Fisheries
Cooperative Associations, Japan

Translated
by
Yasumatsu Miyake

Training Department
Southeast Asian Fisheries Development Center

FOREWORD

The Nagai Fishery Cooperative Association is situated in the immediate neighborhood of the Kanagawa International Fisheries Training Center operated by the Japan International Cooperation Agency. The Nagai Fishery Cooperative has made a considerable contribution to the conduct of the six-month course on fishery cooperatives which has been organized every year at the Training Center since 1974. The English version of the by-laws of the Nagai Fishery Cooperative was produced at the Training Center to be used as teaching material, as the Nagai Fishery Cooperative is one of the well-managed cooperatives and its activities, ranging from saving and credit, fish marketing and supply of fishing requisites to the administration and utilization of coastal fishing right granted by the Government, are typical of the multi-purpose primary fishery cooperatives found everywhere on the sea coast of Japan.

It should also be mentioned that the National Federation of Fishery Cooperative Associations (Zengyoren) organizes every year in Japan a seminar on fishery cooperatives for the benefit of the fishery cooperative movement in the countries in the South and Southeast Asian region, with financial assistance from the Japanese Government and with cooperation of the International Cooperative Alliance (ICA). The fifth such seminar was held in 1983 and it included visits to several local fishery cooperatives. On this occasion the by-laws of the Nagai Fishery Cooperative were updated by Zengyoren and distributed to the participants as a reference material.

With the agreement of the above-mentioned organizations, SEAFDEC is now publishing the text in order to make it available to the trainees at the SEAFDEC Training Department, as well as to those interested in the promotion of fishery cooperatives in the region. It is hoped that the document will prove useful in obtaining better understanding of fishery cooperatives in Japan which are organized and functioning along the lines of the cooperatives principles adopted at the ICA Conference. We should like to thank Mr. Yasumatsu Miyake, of the Overseas Fishery Cooperation Foundation, Japan, who translated the by-laws into English and made the text available to SEAFDEC when he lectured at the SEAFDEC Training Department on the subject of fishery socioeconomics and institutions in August 1983. Mr. Miyake

has been associated with the fishery cooperatives course at the Kanagawa Training Center and has also been the course leader in the Zengyoren seminar.



Shigeaki Shindo
Deputy Secretary-General and
Deputy Chief of the Training Department

Contents

	Page
Foreword	iii
Chapter I General provisions	1
Chapter II Membership	3
Chapter III Share contribution, levies and reserves	7
Chapter IV Officers and employees	10
Chapter V General meeting and meeting of members' representatives	14
Chapter VI Execution of business and accounting	21
Chapter VII Disposal of net profit or loss	23

Chapter I

GENERAL PROVISIONS

Article 1

The objective of this Cooperative is to raise the members' fishing productivity through cooperation and thereby to improve their economic and social status.

Article 2

This Cooperative will carry out the following activities for the benefit of the members:

- (a) extending loans to the members for their business or living;
- (b) receiving deposits or fixed savings from the members;
- (c) supply to the members of commodities required for their business or living;
- (d) providing facilities for joint use by the members for their business or living;
- (e) transport, processing, storage or sale of the catch or other products of the members;
- (f) providing facilities to propagate or protect marine animals and plants, or to increase the value of fishing grounds;
- (g) providing moorings, slipways, artificial reefs or other facilities required for the fishing activities of the members;
- (h) prevention of marine accidents, giving relief in case of accidents and acting as an intermediary in matters relating to the fishing boat insurance;
- (i) providing welfare facilities to the members;
- (j) education of and provision of general information to the members with a view to improving their business management, fishing techniques, and knowledge regarding cooperative activities;

- (k) conclusion of collective contract for the members with a view to improving their economic position;
- (l) execution of business on behalf of fishery mutual insurance associations under trust arrangement;
- (m) business mentioned in Article 113, paragraphs 1 and 2 of the Fishing Boat Damage Compensation Law;
- (n) execution of business on behalf of fishery credit fund associations under trust arrangement;
- (o) guaranteeing members' obligations for loans extended by the Kanagawa Prefectural Fishery Credit Cooperative Federation or other banking institutions approved by the general meeting, as well as collection of repayments under trust arrangement with those institutions;
- (p) undertaking of set net fishing, culture of laver or wakame;
- (q) execution of business on behalf of the Central Cooperative Bank for Agriculture and Forestry, and the Kanagawa Prefectural Credit Federation of Fishery Cooperatives;
- (r) domestic exchange business;
- (s) businesses incidental to those mentioned in the preceding items (a) to (r).

Article 3

This Cooperative shall be called Nagai Fishery Cooperative Association.

Article 4

The area covered by the Cooperative shall be the administrative area of Nagai-cho, Yokosuka-City, Kanagawa Prefecture.

Article 5

The Cooperative shall have its main office in Nagai-cho, Yokosuka City, Kanagawa Prefecture.

Article 6

Public announcements by the Cooperative shall be posted on the notice board of the Cooperative and, if necessary, shall be announced in the newspaper "Kanagawa Shimbun".

Article 7

In addition to the By-laws, the Rules of this Cooperative shall make the necessary provisions concerning execution of business, accounting etc., subject to the decisions taken at general meetings or at meetings of members' representatives.

Article 8

Domestic exchange business shall be conducted in accordance with the provisions of the By-laws as well as the rules of the Cooperative, while the Rules for Domestic Exchange Business of the Cooperative shall cover the following matters:

- (a) kinds of domestic exchange business;
- (b) partners of contracts in domestic exchange business;
- (c) methods of settlement in domestic exchange business;
- (d) amount of commission to be charged in the domestic exchange business;
- (e) other matters relating to the execution of domestic exchange business.

Chapter II

MEMBERSHIP

Article 9

1. The following persons and organizations are eligible for the full membership of this Cooperative:

- (a) individuals who reside in the area of this Cooperative and who are engaged in fishing (either on their own account or as employees) more than 120 days per year;

- (b) fishing cooperative associations which have the address or work place within the area of this Cooperative;
- (c) corporations which engage in fishing (excluding fishery cooperative associations and fishing cooperative associations) with the address or work place within the area of this Cooperative, whose regular work force does not exceed 300 persons and whose total tonnage of fishing vessels normally employed does not exceed 1,500 gross tons.

2. The following persons and organizations are eligible for the associate membership of this Cooperative:

- (a) individuals residing in the area of this Cooperative who are engaged in fishing but who do not meet the requirements mentioned in (a) of the preceding paragraph;
- (b) individuals who reside outside the area of the Cooperative but whose base for fishing activities is within the area of the Cooperative;
- (c) corporations which engage in fishing (excluding those mentioned in the preceding paragraph) with the address or work place within the area of this Cooperative and whose regular work force does not exceed 300 persons, and whose total tonnage of fishing vessels normally employed does not exceed 3,000 gross tons;
- (d) individuals or corporations engaged in fish processing with the address or work place within the area of this Cooperative, provided that, in the case of corporations, the number of workers normally employed does not exceed 100.

Article 10

1. The person who wishes to become a member of this Cooperative shall submit to the Cooperative an application which contains the name, the address or the location of work place and the number of shares which he will contribute. In the case of a corporation, copies of the by-laws, balance sheet of the latest date as well as documents containing the following items shall be attached:

- (a) a document testifying the wish to become a member, e.g. proceedings of a general meeting at which the decision to that effect was taken;

- (b) outline of the business;
 - (c) names and addresses of the officers.
2. This Cooperative shall, when it approves the application, notify the applicant to that effect, request him to pay the share contribution, and then include him in the list of members.
 3. The applicant becomes a member after he has paid the share contribution as mentioned in the preceding paragraph.
 4. Paragraphs (1) and (2) above shall apply *mutatis mutandis* to a member who wishes to increase his share contribution.

Article 11

1. A member may not transfer his equities without an approval of the Cooperative.
2. Paragraphs (1) and (2) of the preceding Article shall apply *mutatis mutandis* to a non-member who wishes to obtain shares by transfer of equities, provided that there is no need of payment of share contributions mentioned in paragraph 2.

Article 12

A member, when he has lost the qualifications or when there has been a change in his qualifications, shall immediately notify the Cooperative to that effect.

Article 13

If and when a claim to equities has been inherited because of death of a member and the Cooperative approves the application of the successor for a member ship, the successor is considered to have acquired the equities.

Article 14

This Cooperative shall approve neither admission of a new member nor transfer of equities during the period from the day when the notices of a general meeting, a meeting of members' representatives or election of officers or members' representatives have been issued until the day when such meetings or elections have been completed, except for the admission provided in the preceding Article.

Article 15

1. Members may withdraw from the Cooperative at the end of a business year, provided that they notify the Cooperative in writing 60 days in advance.

2. Member shall withdraw from the Cooperative upon occurrence of any of the following events:

- (a) loss of the qualifications for the membership;
- (b) death or dissolution;
- (c) expulsion;
- (d) transfer of equity.

Article 16

1. The Cooperative may expel a member by a resolution at a general meeting or a meeting of members' representatives, in any of the following cases:

- (a) if the member fails to use the facilities of the Cooperative for one year;
- (b) if the member neglects his obligations such as payment of share contribution, levies, etc;
- (c) if the member's behaviour hinders activities of the Cooperative;
- (d) if the member violates laws and regulations, government orders based on the laws and regulations, and the by-laws and rules of the Cooperative (including rules regarding exercise of fishing rights), or otherwise impairs considerably the credit of the Cooperative.

However, a notice of at least 7 days prior to the general meeting or the meeting of the members' representatives shall be given to the member and an opportunity to defend himself shall be given to him at such meetings.

2. When a resolution of expulsion of a member has been made, the Cooperative shall notify the member in writing, clearly stating the reasons for expulsion.

Article 17

1. In the case of a member's withdrawal, the Cooperative shall reimburse the member the amount of the equity computed in accordance with the provisions of Article 28 (1) (a). However, in the case of withdrawal as a result of expulsion, the member shall be reimbursed one half of the amount as mentioned above.
2. If and when there are any outstanding obligations of the withdrawing member to pay to the Cooperative, the amount of the reimbursement provided in the preceding paragraph shall be cancelled to the extent of such obligations.

Article 18

1. A member may, if there are any justifiable reasons, decrease the number of his share contributions with an approval of the board of directors.
2. The provisions in paragraph 1 of the preceding Article shall apply *mutatis mutandis* to the case of decrease of member's share contributions.

Chapter III

SHARE CONTRIBUTIONS, LEVIES AND RESERVES

Article 19

Each member shall make one or more share contributions, provided that the number of his shares shall not exceed 1,000.

Article 20

1. One share shall be 5,000 yen and shall be paid in a lump sum.
2. A member may not offset his payment of the share contribution against any obligations of the Cooperative to him.

Article 21

1. The Cooperative may impose levies on the members in order to pay expenses to carry out the activities mentioned in items (f) to (k) of Article 2, as well as incidentals to those activities.

2. A member may not offset his payment of the levies against any obligations of the Cooperative to him.
3. The general meeting or the meeting of members' representatives shall determine the amount of levies and the time and method of payment.
4. Levies, once paid, shall not be returned to the members.

Article 22

1. The Cooperative shall, if and when members are overdue in their payment of share contributions or levies, charge as penalty 10 per cent per annum of the amount overdue.
2. The Cooperative shall impose penalty payment on the members who have contravened its rules on exercise of fishing rights, according to the provisions in such rules.

Article 23

1. The Cooperative shall set aside, each year, an amount to be used as staff retirement allowance, in compliance with the Rules on Staff Retirement Allowance.
2. The Rules on Staff Retirement Allowance shall be established by the board of directors.

Article 24

1. The Cooperative shall set aside, each year, an accident relief allowance, in compliance with the Rules on Accident Relief.
2. The Rules on Accident Relief shall be established by either the general meeting or the meeting of members' representatives.

Article 25

The Cooperative shall put aside as reserve fund at least one tenth of the surplus (in case of loss, a part of the surplus shall be used to fill the loss. The same applies in the cases of Articles 26, 27 and 66) of every business year, until such reserve fund reaches the amount equivalent to the total share contributions.

Article 26

The Cooperative shall bring forward at least one twentieth of the surplus of every business year to the next business year in order to pay the expenses for educational and informational activities as mentioned in Article 2 (j).

Article 27

1. This Cooperative may, every business year, set aside a part of the surplus to build up a special reserve fund.
2. The special reserve fund shall be used to make up for losses of the Cooperative. However, the special reserve fund may also be used for extraordinary expenses, if the general meeting or the meeting of members' representatives so resolve.

Article 28

1. Members' equities for the assets of the Cooperative shall be determined as follows:
 - (a) an equity shall be the amount of share contributions paid by each member, as to the Cooperative's assets corresponding to the total share contributions made by members. However, if the assets are less than the total share contributions made by members, the equity shall be reduced in proportion to each member's share contributions;
 - (b) equities to the assets other than those mentioned above shall be calculated only at the time of dissolution of the Cooperative, according to the method to be determined at the general meeting or the meeting of members, representatives.
2. When calculating equities, the amount less than 1 yen shall be discarded.

Chapter IV

OFFICERS AND EMPLOYEES

Article 29

The Cooperative shall have 8 directors and 3 auditors.

Article 30

1. The directors shall be elected at a general meeting from among full members (including officers of corporations which are full members). It is also permitted to elect the directors without holding a general meeting.
2. Less than one-fourth of the total number of the directors may be elected from those who are not full members as mentioned in the preceding paragraph.
3. Election of officers shall be carried out in accordance with the provisions of the preceding two paragraphs, and the Rules on Election of Officers of this Cooperative.

Article 31

1. The Cooperative shall have a president and a vice-president.
2. The Cooperative may have a managing director.
3. The president, the vice-president and the managing director shall be elected by the directors from among themselves. However, the president and the vice-president must be full members (including officers of corporations, who are full members).

Article 32

1. The president shall represent the Cooperative and execute the business of the Cooperative in compliance with decisions of the board of directors.
2. The vice-president shall assist the president and act for him in case the latter is unable to execute his duties.

3. The managing director shall assist the president and the vice-president and act for them in case both of them are unable to execute their duties.

4. The directors, according to the order determined in advance among themselves, shall act for the president, the vice-president and the managing director, in case all of them are unable to execute their duties.

Article 33

1. The auditors shall, at least twice every business year, audit the conditions of assets and business execution of the Cooperative.

2. The auditors shall report on the result of the auditing and state their views at the general meeting or the meeting of members' representatives, as well as at the meeting of the board of directors.

3. Detailed rules regarding auditing shall be determined by the auditors.

Article 34

In addition to those provided elsewhere in the by-laws, the following matters regarding management of the Cooperative shall be determined at meetings of the board of directors:

- (a) convening of general meetings or the meetings of members' representatives and items to be submitted to those meetings for deliberation;
- (b) matters regarding election of officers or members' representatives;
- (c) acquisition or disposal of fixed assets;
- (d) submission of complaints, litigation, or out-of-court settlement;
- (e) any other matters which the board of directors considers necessary to determine.

Article 35

1. A meeting of the board of directors shall be convened by the president.

2. At a meeting of the board of directors, decisions shall be made by majority of the attending directors who shall be more than one half of the total number of directors. In case the numbers of the pros and cons are equal, the chairman shall have the power to decide.
3. The president shall act as the chairman at a meeting of the board of directors.
4. The chairman shall have no voting right at the meeting of the board of directors.
5. Records of the proceedings of the meeting of the board of directors, including summary of discussions and the outcome, shall be prepared and signed by all the directors who attended the meeting.

Article 36

1. The officers shall comply with laws and regulations, government orders based thereon, the by-laws and rules, as well as resolutions made at general meetings or meetings of members' representatives, and shall be loyal to the Cooperative in the execution of their duties.
2. The directors or auditors who neglect their duties shall be responsible jointly to compensate for the damages which may be caused due to such neglect.
3. In case the directors or auditors acted in bad faith or gross negligence in the execution of their duties, they shall be jointly responsible to compensate a third party for the damages as may have been caused. The same shall apply in the case where any false statement has been made by the directors or auditors regarding important matters in the business report, inventory, balance sheet, profit and loss account or plan for disposal of surplus or loss, or where any false registration or public notice has been made by them.
4. In case the auditors are responsible to compensate for damages for the Cooperative or a third party and in case the directors are also responsible for the damages, the directors and auditors shall be liable jointly.

Article 37

1. The term of office of the officers shall be 3 years, being counted from the day following the termination of the predecessor's office.

2. The term of office of the officers who have been elected by supplementary elections (including supplementary elections which take place in case of an increase in the number of officers) or who have been elected under the provisions of Articles 44, 124 (para.II) and 125 of the Fisheries Cooperative Association Law (hereinafter called "the Law") shall be, regardless of the provisions of the preceding paragraph, the remaining period of office of the predecessors.

3. In case the election under the preceding paragraph concerns all the directors or auditors, their term of office shall be, regardless of the preceding paragraph, 3 years, starting from the day when they assume office.

4. The term of office of the officers elected under the provisions of Article 44 (2) of the Law shall be 3 years, starting from the day when they assume office.

5. When the term of office of officers expires before the day of an ordinary general meeting or an ordinary meeting of members' representatives to discuss the report of the business year with which the officers are concerned, the term of office shall be extended until the last day of such a meeting.

6. Officers retiring due to resignation or expiration of term shall have their rights and obligations as officers until the newly elected officers assume their duties.

Article 38

An officer shall resign from office, if and when he loses eligibility for officers as provided in Article 1 of the Rules for Election of Officers, or if he loses the qualifications for full membership (including the case where the director is an officer of a corporation and the corporation disqualifies as a full member, or the director resigns from his office of director of the corporation.

Article 39

1. The Cooperative may have a manager and a chief-accountant.

2. The appointment and dismissal of a manager or a chief-accountant shall be made by the majority decision of the directors.

3. The manager may have the power to execute the business of the Cooperative on behalf of the directors, provided that the board of directors so decide.
4. The chief-accountant shall deal with day-to-day work regarding finance and accounting, including book-keeping, preservation of receipts and other documents, and receipt, payment and safe-keeping of cash.

Chapter V

GENERAL MEETING AND MEETING OF MEMBERS' REPRESENTATIVES

Article 40

1. The directors shall convene a general meeting in one of the following cases:
 - (a) when the board of directors considers it necessary to convene a general meeting;
 - (b) one-fifth or more of the full members request the directors to convene a general meeting, in writing, specifying agenda items and presenting justifications for the meeting;
 - (c) one-fifth or more of the full members request the directors in writing to carry out reelection of officers.
2. In the cases of (b) or (c) of the preceding paragraph, the directors shall convene a general meeting within 20 days after such a request has been made.
3. The auditors shall convene a general meeting in one of the following cases:
 - (a) When no one acts as director or when the directors fail to convene a general meeting without due reasons, regardless of the demand made under the provisions of paragraph 1 (b) or (c).
 - (b) When the auditors find irregularities regarding assets or business execution of the Cooperative and consider it necessary to report on such irregularities to a general meeting.
4. The notice to convene a general meeting shall be made at least one week prior to the date of the proposed meeting, specifying the agenda items.

Article 41

In addition to the matters provided in laws and regulations, and elsewhere in the by-laws, the following matters shall be decided at a general meeting or a meeting of members' representatives:

- (a) amendment to the by-laws;
- (b) establishment, amendment or abolition of the rules of the Cooperative, and the rules for domestic exchange business of the Cooperative;
- (c) establishment or alteration of the business plan for each business year;
- (d) maximum rate of interest which may be charged on loans;
- (e) maximum amount of loans to be extended and maximum amount of loan guarantee to be made by the Cooperative for an individual member, and maximum amount of loan to be extended to a non-member;
- (f) maximum amount of borrowings to be made by the Cooperative for each business year;
- (g) remunerations to officers for each business year;
- (h) business report, inventory, balance sheet, profit and loss account, and plan for disposal of surplus or loss, for each business year;
- (i) establishment, acquisition, disposal or alteration of fishery rights or related real rights;
- (j) establishment, alteration or abolition of rules on exercise of fishery rights;
- (k) complaints litigation or out-of-court settlement regarding fishery rights or related real rights;
- (l) acting as a promoter to establish federations of fishery cooperatives or other organizations; jointing or withdrawing from these organizations;
- (m) acquiring shares of stock companies or other organizations (except for federations of fishery cooperatives, Central Cooperative Bank, Fishery Credit Fund Association and Fishery Mutual Insurance Association), or making monetary contributions to these organizations.

Article 42

1. A general meeting shall not have a quorum, unless the majority of the full members are present. In connection with the above, those who vote by means of letters or proxies according to the provisions of Article 45 are regarded present at the meeting.
2. In case the meeting fails to have a quorum, the directors shall convene another general meeting within 20 days. The general meeting thus convened shall have a quorum regardless of the preceding paragraph, if one fourth or more of the full members are present, except for the reelection of officers under Article 44, para. I of the Law and making decisions on the matters mentioned in Article 45 of the by-laws.

Article 43

A general meeting shall make decisions only on the items notified in advance, except for urgent matters. However, election of officers under Article 44, para. 1 of the Law and the matters mentioned in Article 45 of the by-laws always require advance notice.

Article 44

1. Decisions at a general meeting shall be made by the majority of the full members present. If and when pros and cons are equal, the chairman shall have the power to decide.
2. The chairman shall be elected at each general meeting from among the full members present.
3. The chairman shall have no right of voting.

Article 45

Decision on the following matters shall require two-thirds or more of the voters at the general meeting where majority of the full members are present:

- (a) amendment to the by-laws;
- (b) dissolution or merger of the Cooperative;
- (c) expulsion of members;

- (d) establishment, acquisition, disposal or alteration of fishery rights or related rights;
- (e) establishment, alteration or abolition of the rules on the exercise of fishery rights.

Article 46

1. A session of a general meeting may be extended or postponed, if the general meeting so decides.
2. The provisions of Article 40 (4) shall not apply to the session of the general meeting extended or postponed under the preceding paragraph.

Article 47

1. The full members may exercise their voting rights by means of letters or proxies on the items notified in advance.
2. Those full members who wish to exercise their voting rights by means of letters in accordance with the preceding paragraph shall submit to the Cooperative the signed letters expressing pro or con, by the time of the opening of the general meeting.
3. The proxies as mentioned in paragraph (1) above shall be either persons of full age belonging to the members' households, employees of the members, or other full members.
4. A proxy may not represent more than 4 full members.
5. The proxies shall submit a letter of attorney to the Cooperative.

Article 48

Letters of voting as mentioned in the preceding Article shall be null and void, if they fail to reach the Cooperative by the time of the opening of the general meeting.

Article 49

A full member shall have no right of voting at the general meeting on the matters which deal with the relationship between him and the Cooperative.

Article 50

For a general meeting, records containing summary and outcome of the proceedings shall be prepared, signed and sealed by the chairman and the directors present.

Article 51

1. The Cooperative shall establish the meeting of members' representatives and hold its ordinary session in February every year, replacing the general meeting. However, the meeting of members' representatives may not elect officers or members' representatives, or decide upon the following matters:

- (a) dissolution or merger of the Cooperative;
- (b) establishment, acquisition, disposal or alteration of fishery rights or related real rights;
- (c) establishment, alteration or abolition of the rules on exercise of fishery rights;
- (d) amendment to the by-laws (limited to the matters relating to members' representatives and their meetings).

2. The matters decided upon at the meeting of members' representatives may be dealt with again at a general meeting to be held within 3 months. If a different decision is taken at the general meeting, the new decision shall henceforth replace the former.

Article 52

The members' representatives shall be elected from among full members.

Article 53

The total number of members' representatives shall be one hundred, and they may be elected by full members with their residences in the respective areas from among themselves:

Okine area	2	representatives
Yakata area	10	"
Nagahama area	1	"
Bamba area	10	"
Ijiri area	10	"
Shinjuku area	25	"
Kariyagasaki area	5	"
Urushiyama area	25	"
Higashi area	2	"
Arai area	10	"

Article 54

Election of the members' representatives shall be made in accordance with the Rules on the Election of Members' Representatives to be established by the Cooperative.

Article 55

1. The term of office of the members' representatives shall be 3 years, starting on the day following the expiration of the office of the predecessors.
2. The term of office of the representatives elected by supplementary elections shall be the remaining period of the office of the retiring representatives.
3. In case the supplementary election as mentioned in the preceding paragraph concerns all the representatives, the term of their office shall be 3 years starting from the day when they assume office.

Article 56

1. The directors shall convene a meeting of members' representatives in the following cases:
 - (a) when the board of directors considers it necessary;
 - (b) when one-fifth or more of either the full members or members' representatives request the directors in writing to convene a meeting, specifying agenda items and presenting justifications.
2. In the case of (b) of the preceding paragraph, the directors shall convene a meeting of members' representatives within 20 days of the request.
3. The auditors shall convene a meeting of members' representatives in the following cases:
 - (a) when no one acts as director or the directors fail to convene the meeting without due reasons regardless of the demand under paragraph 1 (b) above;
 - (b) when the auditors find irregularities regarding assets or execution of the business of the Cooperative and find it necessary to report to the meeting of members' representatives.

Article 57

The meeting of members' representatives shall make decisions on the items notified in advance, except for urgent matters. However, the reelection of officers under Article 44, para.I of the Law and the matters mentioned in Article 45 of the by-laws always require advance notice.

Article 58

The chairman of the meeting of members' representatives shall be elected from among the representatives at each meeting.

Article 59

Provisions of the following articles shall apply *mutatis mutandis* to the meeting of members' representatives: Article 40 (4); Article 42 (1) and (2); Article 44, (1) and (3); Articles 45 to 50.

However, "general meeting" in each article shall read "meeting of members' representatives", "either persons of full age belonging to the members' households, employees of the members, or other full members" in Article 47, (3) shall read "Other full members", and "4 full members" in Article 47, (4) shall read "1 full member".

Chapter VI

EXECUTION OF BUSINESS AND ACCOUNTING

Article 60

The business year of the Cooperative shall be from 1 January to 31 December

Article 61

1. The Cooperative may conclude with members a contract not exceeding 2 years for exclusive use of a part of the Cooperative's facilities.
2. The contract as mentioned in the preceding paragraph shall be made in writing.

Article 62

1. The Cooperative may allow non-members to utilize the services of the Cooperative under Article 2, items (a) to (e), (g) to (i), and services related thereto as well as the service under item (r) of the same Article provided that utilization by the members of the services rendered by the Cooperative is not prejudiced. However, as to the utilization of the services under item (a), the non-members' deposits or fixed savings made at the Cooperative shall be taken as collateral, except that the following corporations or individuals may use the services without offering such collateral, subject to approval of the board of directors:

- (a) Non-profit corporations, or corporations whose main shareholders are members of this Cooperative or local governments; they must, however, have their address, offices or plants within the area of the Cooperative and be engaged in a business which is considered contributing to the development of fisheries in the area of the Cooperative (excluding those mentioned in item (b));

- (b) Local governments whose administrative areas cover the whole or part of the area of the Cooperative;
 - (c) Those who have their address, offices or plants in the area of this Cooperative, and who are considered contributing to the business operation of the Cooperative, business development of the members of the Cooperative or improvement of the living standard of the members.
2. Regarding the utilization of the Cooperative's service by non-members as mentioned in the preceding paragraph, the total value of the services utilized, in one business year, by those who are not members of this Cooperative and other fishery cooperatives, shall not exceed the total value of the services utilized in the same business year by the members of this Cooperative and other fishery cooperatives.
3. Regarding the calculation of the amount of services of items (a) and (b) of Article 2, as mentioned in the preceding paragraph, those who belong to the members' households are regarded as members.

Article 63

The domestic exchange transactions of the Cooperative shall be conducted in accordance with the Rules on Transaction of Domestic Exchange Business.

Article 64

This Cooperative shall, in preparation for demand for drawing or payment of deposits or fixed savings, maintain the following amount of deposits at the following financial institutions: more than the total of 30% of the demand deposits and 15% of the deposits other than the demand deposits and fixed savings, at credit federations of fishery cooperative, Central Cooperative Bank, commercial banks or post offices.

Article 65

1. The surplus fund of the Cooperative shall not be used for the purposes other than either depositing to credit federations of fishery cooperatives, Central Cooperative Bank, commercial banks, or post offices, or purchasing national government bonds, local governments' bonds, debentures issued by the Central Cooperative Bank or other financial institutions. However, the total amount of the deposits to credit federations of fishery cooperatives and Central Cooperative Bank shall not be less than 50% of the total surplus fund.

2. Commercial banks where the surplus can be deposited and debentures to be purchased of banking institutions other than the Central Cooperative Bank shall be designated at the general meeting or the meeting of members' representatives.

Chapter VII

DISPOSAL OF NET PROFIT OR LOSS

Article 66

Any remaining surplus, after the reserves as mentioned in Article 25 and the carry-forward as mentioned in Article 26 have been made, shall be disposed as special reserves as mentioned in Article 27, dividends to the members, bonus payments for officers or carrying forward to the next business year.

Article 67

1. Dividends shall include those for the share contributions by members and those for the amount of patronage of the members.
2. Dividends on the share contributions shall be made for the paid contributions at the end of the business year and the rate shall not exceed 7%.
3. Dividends to members on the patronage of business shall be paid considering the amount, value and other factors regarding the patronage of the members.
4. Article 28 (2), shall apply *mutatis mutandis*, to the calculation of dividends.

Article 68

Losses shall be made up first with the special reserve fund and then with the reserve fund.

Transitional provisions

The members' representatives serving at the time of approval of these by-laws shall be governed by the rules heretofore in force.