

Articles of Incorporation Requirements

Cooperatives Act

November 2002

This document does not apply to extra-provincial cooperatives continuing or registering under the Cooperatives Act.

This document identifies what must be and what may be included in Articles of Incorporation for cooperatives that are continuing, or incorporating under Alberta's Cooperatives Act and includes the additional requirements for housing, multi-stakeholder, employment and new generation cooperatives.

Articles of Incorporation must be submitted when a cooperative continues or incorporates.

To help prepare your Articles, see the document *Articles of Incorporation Requirements* for information about what must be and what may be included in Articles.

Information for continuing Alberta-based cooperatives

Articles of Incorporation are new and will replace your Memorandum of Association. Some clauses from your Memorandum of Association and supplemental by-laws and the Standard By-laws found in the Co-operative Associations Act may be appropriate for your new articles.

In some cases, members may be required to vote on the Articles of Incorporation. See the instructions *Continuing an Alberta-Based Cooperative* for more details.

How to use this document

The following chart organizes Articles of Incorporation requirements in the following categories:

- General
- Membership
- Directors and officers
- Specific cooperatives
- Shares
- Investment shares

Each category contains a statement about the requirement and identifies the section of the Act or regulation that applies.

Cooperatives can use the fourth column, 'Articles cross reference' when creating or amending Articles of Incorporation.

If you need additional information regarding articles, please contact Alberta Government Services at

Phone: Edmonton (780) 427-5210

Toll free in Alberta: Dial 310-0000 and follow the instructions

Email: government.services@gov.ab.ca

Articles of Incorporation Requirements
Alberta Government Services
November 2002

This information is intended to provide general information and is not a substitute for legal advice. You may want to consult with a lawyer who is familiar with cooperative law.

**General
Mandatory Requirements – Apply to all cooperatives**

Topic	Act Section Number	Reg. Section Number	Article cross reference
• Name of cooperative	5(1)(a)		
• Registered office location	5(1)(b)		
• Name and residential addresses of incorporators	5(1)(c)		
• Restrictions placed on the business to be carried out	5(1)(e) 23(2)		
• Restrictions on class of membership	5(1)(f) 2(2) 101 102(4)		
• Statement that the cooperative will be organized, operated and carry on business on a cooperative basis	5(1)(g)		
• Provision for distribution of property upon dissolution	5(1)(p)		
• Any restriction the membership may impose on the board to manage	5(1)(q)		
• Transfer of member interest provision	5(1)(r) 48(2)		
• If there is a maximum rate of return paid on a member loan	5(1)(j) 2(1)(d) 100		
• Any provision for a maximum dividend that may be paid on membership shares	5(1)(k) 2(1)(e)		
• If there will be investment shares	5(1)(l)		

**General
Optional Clauses – Apply to all cooperatives**

Topic	Act Section Number	Reg. Section Number	Article cross reference
• May include bylaw provisions	5(2)		

General

Optional Clauses – Apply to all cooperatives

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none">Higher number of votes than contained in the Act for an action	5(3)		
<ul style="list-style-type: none">Set rate of interest on undistributed patronage	139		
<ul style="list-style-type: none">Equal rights for members to receive the remaining property on dissolution	102(3)(b)		
<ul style="list-style-type: none">May provide for payment of all debts and liabilities, including member distribution, on dissolution	106(1) 309(1)(c)		
<ul style="list-style-type: none">Except for Part 18 cooperatives, provides for distribution of excess assets after dissolution	106(2)		
<ul style="list-style-type: none">If the directors require authorization from members or investment shareholders to borrow	119		
<ul style="list-style-type: none">Any further information about the cooperative's financial position, as well as the financial statement	228(1)(c)		

Membership

Optional Clauses – Apply to all cooperatives

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none">Survivor joint holder rights as member	48(4)		
<ul style="list-style-type: none">Governed by bylaws, unless the Act or articles provide otherwise	32		
<ul style="list-style-type: none">Appeal termination alternatives	40(2)		

Directors and Officers

Mandatory Requirements – Apply to all cooperatives

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none">Number of directors or minimum or maximum number of directors	5(1)(d) 50(1)		

Directors and Officers
Optional Clauses – Apply to all cooperatives

Topic	Act Section Number	Reg. Section Number	Article cross reference
• Member/non-member directors	51		
• Rules for election/appointment	55(2) 57		
• Set meeting location	69		
• Quorum other than majority	73		
• Restrictions on setting all remunerations	92		
• Restrictions for designating offices and any powers or duties	93		
• Restrict rights/powers of directors, or members given the power to manage	96(1) 97		

Housing Cooperatives Only
Mandatory Requirements

Topic	Act Section Number	Reg. Section Number	Article cross reference
All non-profit housing cooperatives			
• Additional name provisions	387 16(1)		
• Primary objective/type of non-profit housing coop and special limitations	389(2)		
• No gain to members	389(1)(a)		
• Distribution upon dissolution	389(1)(b)		
• Circumstances where can pay amounts owed to members	389(1)(c)		
• Cannot pay interest or dividends on shares	389(1)(d)		
• Surplus from operations may be paid as patronage	389(1)(e)		
• Cannot change non-profit status or type	389(1)(f)		

More mandatory requirements for non-profit continuous housing cooperatives only <ul style="list-style-type: none"> Is non-profit, and is subject to the Act Eligible people can use housing, and ancillary services and facilities 	392(1)(a) 392(1)(b)		
More mandatory requirements for non-profit home ownership cooperatives only <ul style="list-style-type: none"> Is non-profit home ownership and is subject to the Act Eligible people can use self-contained housing and ancillary services 	402(1)(a) 402(1)(b)		

Employment Cooperatives Mandatory Requirements

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none"> 80% of members must be permanent employees 	407(a)		
<ul style="list-style-type: none"> Provides that maximum membership investment payable not be more than 50% of any person's expected annual salary 	407(b)		
<ul style="list-style-type: none"> Additional name provisions 	413		

Employment Cooperatives Optional Clauses

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none"> Permanent employees defined 	409		
<ul style="list-style-type: none"> Upon dissolution, provides for what percentage of the surplus must go to another cooperative, non-profit entity, or charity, prior to member or investment shareholder distribution 	416		

**Multi-Stakeholder Cooperatives
Mandatory Requirements**

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none"> The cooperative is a multi-stakeholder cooperative 	419(a)		
<ul style="list-style-type: none"> Provides for the division of members into two or more shareholder groups 	419(b)		
<ul style="list-style-type: none"> Method of determining the number of directors each group can elect 	419(c)		
<ul style="list-style-type: none"> Each member must belong to a stakeholder group 	418(1) 419(d)		
<ul style="list-style-type: none"> No member can belong to more than one group 	418(1) 419(d)		

**New Generation Cooperatives
Mandatory Requirements**

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none"> State the objects or purposes the cooperative is intended to fulfill 		43(1)(a)	
<ul style="list-style-type: none"> Business is restricted to production, processing or marketing of agricultural products and provide those services engaged in those aspects. 		43(1)(b)	

**New Generation Cooperatives
Optional Requirements**

<ul style="list-style-type: none"> Class of investment share <ul style="list-style-type: none"> – issued only to members – designated as a class of investment share – no right to vote at directors election 	427(a)		
<ul style="list-style-type: none"> Designated shareholder rights to take part in: <ul style="list-style-type: none"> – surplus by dividend or bonus – reserve payment of dividend – distribution of remaining property on dissolution 	427(b)		
<ul style="list-style-type: none"> Contracts that specify rights between cooperative and designated shareholder <ul style="list-style-type: none"> – obligations to deliver goods or services – right to receive goods or services from cooperative – right to vary rights and obligations depending on share holding 	427(c)		

Shares

Mandatory Requirements – Apply to all cooperatives

<ul style="list-style-type: none"> If there will be membership share capital, the amount or the amount of the membership fee 	5(1)(h)		
<ul style="list-style-type: none"> If there is membership shares, any restrictions as to number or value 	5(1)(i) 104 105 128(1)		
<ul style="list-style-type: none"> Cannot provide for any preference, right, condition, restriction, limitation or prohibition on shares unless the Act provides 	102(4)		

Investment Shares

Mandatory Requirements – Apply to all cooperatives

Topic	Act Section Number	Reg. Section Number	Article cross reference
<ul style="list-style-type: none"> If there will be investment shares and, if so, the rights and restrictions to any class of them 	5(1)(l) 108(1)		
<ul style="list-style-type: none"> Price or formula 	5(1)(m)		
<ul style="list-style-type: none"> Procedures for issuance authorization 	5(1)(n)		

• Constraints	5(1)(o) 114(2)		
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Investment Shares

Optional Clauses – Apply to all cooperatives

Topic	Act Section Number	Reg. Section Number	Article cross reference
• Voting rights for joint shareholders		37(3)	
• Can provide for any class investment share referred to in one or more series	110(1)		
• Preference of new offering to existing investment shareholders	111		
• Provide for a charge on investment share	113(1)		
• Meeting date can be specified if shareholders have right to elect one or more directors	115(1)(a)		
• Election of directors by cumulative voting of investment shareholders	115(2)		
• Articles must provide a fixed number of directors to be elected by investment shareholders where cumulative voting is applied	115(3)(a)		
• Holders may vote separately to amend certain articles	116(1)		
• Can make provisions to convert from one investment share class to another	134(4)		
• Limit of investment shares can be increased due to the transfer provisions	134(7)		
• Can provide for a holder of a fractional investment share to vote	166(3)(b)		