

FEDERAL LAW
NO. 193-FZ OF DECEMBER 8, 1995
ON AGRICULTURAL COOPERATION
(with the Amendments and Additions of March 7, 1997, February 18, 1999, March 21, 2002)

Adopted by the State Duma on November 15, 1995
Approved by the Federal Council on November 28, 1995

Federal Law No. 34-FZ of February 18, 1999 amended this Federal Law
See the previous text of the Law

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The present Federal Law determines the legal and economic principles of the establishment and functioning of agricultural cooperatives and their unions forming the agricultural cooperation system of the Russian Federation.

The present Federal Law provides to individuals (natural persons) and legal entities guarantees for the right to the establishment of, and state support to, agricultural cooperatives and their unions (associations).

The relationships associated with the establishment and operational of agricultural cooperatives and their unions (associations) shall be regulated by the present Federal Law, the Civil Code of the Russian Federation, the land legislation of the Russian Federation, other federal laws, the laws and other normative legal acts of the subjects of the Russian Federation.

Chapter I. General Provisions

Article 1. Basic Concepts

The following basic concepts are used in the present Federal Law:

agricultural cooperation - is a system of various agricultural cooperatives and their unions, set up by the agricultural commodity producers in order to meet their economic and other requirements;

the agricultural cooperative - is an organization set up by the agricultural commodity producers on the basis of voluntary membership for joint production or other economic activity based on their property share contributions pooled in order to meet the material and other requirements of the cooperative members. The agricultural cooperative (hereinafter referred to as the cooperative) may be set up in the form of producer or consumer cooperative;

the cooperative member - is a natural and/or business entity complying with the requirements of the present Federal Law and the cooperative rules who has made a share

contribution in the amount and procedure, established by the cooperative rules and admitted to the cooperative with the right to vote;

the associated cooperative member - is natural and/or juridical person who has made a share contribution on the basis of which he draws dividends but has no right to vote, unless stipulated otherwise by the present Federal Law;

the cooperative members' subsidiary liability - is cooperative members' liability in addition to the cooperative's liability for its obligations and arising from the cooperative's inability to meet the creditors' claims within the fixed periods. The amounts and terms of the cooperative members' subsidiary liability shall be determined by the present Federal Law and the cooperative rules:

an agricultural goods producer being a natural or artificial person carrying on production of agricultural products making up in terms of value over 50 per cent of the total volume of the product output including a fishermen's artel (collective farm), in which the production of agricultural (fish) products and the volume of the catch of water biological resources makes up in terms of value over 70 per cent of the total volume of the product output;

the worker - is a person who is not a cooperative member but is attracted for work in a certain trade, skill or post under a labour agreement (contract);

the share contribution - is the property contribution made by a cooperative member or by an associated cooperative member to the cooperative share fund in the form of cash, land plots, land or property shares or property rights which may be valued in monetary terms. The share contribution may be obligatory and additional;

According to [Federal Law No. 137-FZ of October 25, 2001](#), contribution of a right of permanent (in perpetuity) use of a plot of land into the authorised (aggregate) capitals of commercial organisations is hereby prohibited

the obligatory share contribution - is the cooperative member's obligatory share contribution contribution, with the result that he is granted the right to vote and the right to take part in the cooperative's activity, make use of its services and privileges, stipulated by the cooperative rules and to draw the due cooperative payments;

the additional share contribution - is the share contribution made by an associated member of the cooperative or the cooperative member in addition to the obligatory share of his own free will, with the dividends paid for it in the amount and in the procedure, stipulated by the present Federal Law and the cooperative rules;

share - is a part of the assets of the cooperative reflecting the size of the participation of a member of the cooperative in the formation of the assets of the cooperative. The share shall be made up of share contribution and increment share of the member of the cooperative and it shall be recorded in terms of value;

increment share - is a part of the share generated at the expense of cooperative payments and redeemable to the member of the cooperative in accordance with the procedure provided by the present Federal Law;

stock of shares - is the sum of the shares of the members of the cooperative in terms of cash;

the dividend - is the part of the profit earned by the cooperative, which is paid for the cooperative members' additional share contributions and for the associated cooperative member's shares in the amount, fixed by the present Federal Law and the cooperative rules.

the cooperative payments - is the part of the cooperative's profit, distributed among its members in proportion to their personal labour contribution or to their participation in the cooperative's economic activity;

the participation in the cooperative's economic activity means deliveries of products or raw materials by cooperative members, the acquisition of goods by them in the cooperative, and the making use of the cooperative's services.

Article 2. The Basic Principles of the Establishment and Operation of the Cooperative

A cooperative shall be set up and operate on the basis of the following principles:
voluntary cooperative membership;

mutual assistance and economic profitability to be ensured for the cooperative members taking part in its production and other economic activity;
distribution of the cooperative's profits and losses among its members with due account of their personal labour or contribution to the cooperative's economic activity;
limited participation of non-cooperative members in the cooperative's economic activity;
limitation of the dividends to be paid on the basis of the cooperative members' additional share contributions and of the associated cooperative members' share contributions;
management of the cooperative's activity on democratic principles (one vote for each cooperative member);
access given to all cooperative members to information about the cooperative's activity.

Article 3. Agricultural Cooperatives Production

For production cooperatives see also Civil Code of the Russian Federation (Part One) No. 51-FZ of November 30, 1994

1. The agricultural cooperative, set up by private persons for joint activity for the production, processing and sale of agricultural products, and also for carrying out other kinds of activity not prohibited by law and based on personal labour contribution by the cooperative members shall be regarded as an **agricultural production cooperative** (hereinafter referred to as the production cooperative).

2. The production cooperative shall act as a profit-making organization. Production cooperatives include the agricultural artel (collective farm), the fishing artel (collective farm) and the cooperative farm (hereinafter referred to as a coopfarm) and also other cooperatives, set up in keeping with the requirements, stipulated by Item 1 of the present Article.

3. The agricultural cooperative set up by private persons on the basis of voluntary membership for joint activity in the sphere of production, processing, and sale of agricultural (fish) products and also for other kinds of activity, not prohibited by law, by pooling their property share contributions on a voluntary basis in the form of cash, land plots, land and property shares and other property of private persons and by their transfer to the cooperative's share fund shall be regarded as an agricultural or fishing artel (collective farm) shall be obliged to make their personal labour contribution to their activity, and in this case their members shall be regarded as agricultural commodity producers, regardless of the functions performed by them. The firm's name of the agricultural or fishing artel (collective farm) shall include its name and the words "agricultural artel" or "collective farm" or "fishermen's collective farm".

4. The agricultural artel, set up by the heads of peasant farm and/or the private persons managing their personal subsidiary farms on the basis of voluntary membership for joint activity in the sphere of land cultivation, output of livestock products or for carrying out other kinds of activity, associated with the output of agricultural products and based on personal labour participation by the coopfarm members and their property share contributions pooled in the amount and procedure, established by the present Federal Law and the coopfarm charter, shall be recognized as a coopfarm. In this case the land plots, which are preserved as the property (ownership, leasehold) by the peasant or personal subsidiary farms, shall not be transferred to the coopfarm share fund, except for the lands, designated for general cooperative needs. The firm's name of the coopfarm shall include its name and the word "coopfarm".

5. The production cooperative shall include at least five members.

6. The production cooperative members shall perform at least 50 per cent of the total volume of its works.

Article 4. Agricultural Consumer Cooperatives

For consumer cooperatives, see also the Civil Code of the Russian Federation (Part One) No. 51-FZ of November 30, 1994

1. The agricultural cooperative set up by agricultural commodity producers (private persons and/or legal entities) on the basis of their obligatory participation in the consumer cooperative's

activity, shall be regarded as an **agricultural consumer cooperative** (hereinafter referred as the consumer cooperative).

2. The consumer cooperatives shall be regarded as non-profit-making organizations and, depending on the kind of their activity, shall be subdivided into processing, marketing (trading), servicing, procurement, gardening, vegetable-growing, stock-breeding, credit insurance and other cooperatives, set up in keeping with the requirements of Item 1 of this Article for carrying out one or several kinds of activity, indicated in the given Article.

3. The consumer cooperatives, engaged in processing agricultural products (the output of meat, fish and dairy products, bread, rolls and buns, vegetable and fruit-and-berry products, articles and semi-finished products of flax, cotton and hemp, timber and sawn timber, etc.), shall refer to processing cooperatives.

4. The marketing (trading) cooperatives shall carry out the sale of products and also their storage, sorting, drying, washing, packaging, packing and transportation, conclude transactions, study the sales market, take care of the advertising of said products, etc.

5. The cooperatives engaged in rendering services shall perform transportation, repairing, construction and ecological and restoration works, carry out installation of telephones and electrification in the countryside, render veterinary and breeding services to animals and perform works for the application of fertilizers and chemical weed-killers, carry out the auditing activity, render scientific consulting, informational, medical, sanatorium-and-spa services, etc.

6. Purchasing cooperatives shall be set up for the purpose of purchase and sale of capital goods, fertilizers, lime materials, fodder, oil products, equipment, spare parts, pesticides, herbicides and other chemicals, and also for the purposes of purchase of any other goods, necessary for the output of agricultural products, the testing and control of the quality of purchased products, of the delivery of seeds, young stock and poultry; of the output of raw and auxiliary materials and their delivery to agricultural commodity producers; the purchase and delivery to agricultural commodity producers of consumer goods needed by them (foodstuffs, clothes, fuel, medical and veterinary preparations, books, etc.).

7. Gardening, vegetable-growing and stock-breeding cooperatives shall be set up for rendering a set of services for the production, processing and sale of products of plant cultivation and stock-breeding.

8. Credit cooperatives shall be set up for granting credits and saving the funds of members of the given cooperatives.

See [Federal Law No. 117-FZ of August 7, 2001 on Citizens' Credit Consumer Co-Operatives](#)

9. Insurance cooperatives shall be set up for rendering services of all kinds in the sphere of personal and medical insurance, and also property, land and crop insurance.

10. The procedure for the establishment and operation of credit and insurance cooperatives, their members' rights and duties shall be determined by the present Federal Law and the laws regulating the procedure for the establishment and operation of credit and insurance cooperatives.

11. The consumer cooperative shall be established, provided its membership includes at least two legal entities or at least five private persons. In this case the legal entity which is a [cooperative member](#) shall have one vote in the adoption of decision by the general meeting, unless otherwise stipulated by the rules.

12. Two and more production and/or consumer cooperatives may set up consumer cooperatives of subsequent levels up to all-Russia and international consumer cooperatives.

13. At least 50 per cent of the total volume of works (services), performed by the services, processing, sales (trading), procurement, gardening, vegetable-growing and stock-breeding cooperatives, shall be performed for the benefit of the given cooperative members.

14. The name of the consumer cooperative shall include an indication to the main purpose of its activity and also the words "agricultural cooperative".

Article 5. The Cooperative Unions (Associations)

1. For the purpose of coordinating their activity and also for the purpose of representing and protecting their common property interests, the conduct of the auditing of the cooperatives being members of the union (association), the [cooperatives](#) may, independently or jointly with

other legal entities - agricultural commodity producers, set up associations by mutual agreement in the form of unions (association) of cooperatives (hereinafter referred to as the union (association)), which are non-profit-making organizations.

2. If by decision of the union (association) members the union (association) is entrusted with business activity such a union (association) shall be either transformed into an economic society or partnership in the procedure stipulated by civil legislation, or it may set up an economic society for business activity, or it may take part in such society.

3. The union (association) member shall preserve their independence and the rights of a legal entity.

4. The memorandum of association, signed by the union (association) members, and the rules, endorsed by them, shall be regarded as the constituent instruments of the union (association).

5. The union (association) members shall have the right to make use of its services free of charge except as otherwise provided in the present Federal Law.

6. The union (association) member shall have the right to withdraw from the union (association), if he wishes to do so, after the end of the fiscal year. In this case he shall bear subsidiary liability for the debts of the union (association) in proportion to his contribution in the course of two years from the time of his withdrawal.

7. A union (association) member may be expelled from it by decision of the remaining union (association) members in the cases and procedure, established by the constituent instruments of the union (association). The rules referring to the withdrawal from the union (association) shall be applied with respect to the liability of the expelled union (association) member.

8. New members shall be admitted to the union (association) in the procedure stipulated by the union (association) rules. The new members' joining the union (association) may be conditional upon their subsidiary liability for the union's (association's) debts, incurred before they joined it.

9. The name of the union (association) shall include an indication to the basic object of its member's activity, with the words "a union of agricultural cooperatives" or "an association of agricultural cooperatives"; "a union of fishermen's cooperatives - collective farms" or "an association of fishermen's cooperatives - collective farms".

Article 6. The Cooperative's Competence

The cooperative, set up in keeping with the present Federal Law, shall be regarded as a legal entity and shall have the following powers:

to set up its representation offices and affiliates and realize its rights on the territory of the Russian Federation and outside it;

to carry out the kinds of activity provided for by Articles 3 and 4 of the present Federal Law, and other kinds of activity not prohibited by the law;

to hold in ownership, buy or acquire in another way, sell, put in pledge or mortgage and realize other land rights with respect to property and land plots, including those transferred to it in the form of a share contribution to the share fund of the cooperative in the procedure and on the terms, established by the legislation of the Russian Federation and the legislation of the subjects of the Russian Federation;

to form a reserve and other non-distributed funds of the cooperative and place the reserve fund resources on the deposits with banks and other credit institutions, in securities and other property;

to attract borrowed funds and also grant credits in cash and make advance payments to cooperative members;

to conclude agreements and also realize all the rights necessary for the attainment of the goals, provided for by the cooperative rules;

to carry out foreign economic activity in the procedure, established by the legislation of the Russian Federation;

to lodge claims with a court of law or a court of arbitration for the recognition as invalid (wholly or partially) of the acts of state and other organs, and also claims against the illegal actions of officials violating the cooperative's rights;

to carry out the reorganization or liquidation of the cooperative.

Article 7. The State and the Cooperatives

1. The State shall stimulate the establishment and promote the activity of the cooperatives by the appropriation of funds for them from the federal budget and the budgets of the subjects of the Russian Federation for the acquisition of construction of processing and servicing enterprises, the establishment of credit and insurance cooperatives on the basis of the drawn up plans and the forecasts of the development of territories and of goal-oriented programmes, and provide scientific, personnel and information support.

2. In the event of privatization of state-run enterprises engaged in processing agricultural products and rendering services to agricultural commodity producers, the laws and other normative legal acts provide for the agricultural consumer cooperatives' priority right to participate in the privatization of the given enterprises.

3. The organs of state power and the local self-government bodies shall not have the right to interfere in the economic, financial and other kinds of the cooperative activity, unless otherwise stipulated by the legislation of the Russian Federation.

4. The cooperative's losses, inflicted as a result of the unlawful actions (inaction) by the state and other organs or their officials who have violated the cooperative's rights, and also as a result of such organs or their officials having discharged improperly their duties with respect to the cooperative, stipulated by legislation, shall be reimbursed by these bodies. The disputes over the disbursement of such losses shall be examined by a court of law or a court of arbitration in keeping with their cognizance.

Chapter II. The Establishment of a Cooperative

Article 8. Procedure for the Establishment of a Cooperative

1. To establish a cooperative private person or businesses who have expressed the desire to set up a cooperative shall form an organizing committee whose duties shall include:

the preparation of a feasibility study of the draft plan of the cooperative's production and economic activity, including the amount of the cooperative's share fund and the sources of its formation;

the drawing up of draft cooperative rules the acceptance of applications for the admission to the cooperative with the statement by the applicant that he is prepared to take part in the production or other kind of the cooperative's economic activity and comply with the requirements of the cooperative rules;

the preparation and holding of the general organization meeting of cooperative members.

2. The organizing committee shall have the right to fix the amounts of admission membership fees in order to cover the cooperative establishment charges, with the report on their utilization to be made at the general meeting of the cooperative members.

3. The general organizational meeting of the cooperative members shall:

adopt a decision on the admission to the cooperative members;

elect the management bodies of the cooperative (the board or the cooperative and in the cases, established by the present Federal Law, the supervisory council of the cooperative).

Federal Law No. 31-FZ of March 21, 2002 amended Article 9 of this Federal Law. The amendments shall come into force as of July 1, 2002

Article 9. The State Registration of the Cooperative

1. The cooperative shall be liable to state registration in the procedure, established by the law on the registration of legal entities.

Legal entities shall be currently registered in keeping with the Law of the RSFSR No. 445-1 of December 25, 1990 on the Enterprises and Business Activity

The following documents shall be appended to the application for state registration:

the record of the general organizational meeting of the members of the establishment of the cooperative, on the approval of its rules and on the composition of the board of the cooperative, signed by the chairman and the secretary of the given meeting;

the cooperative rules, signed by the members - the participants in the general organizational meeting, with an indication of their surnames, names and patronymics, birth dates, places of residence, the series and numbers of their passports or of the documents replacing them.

2. The cooperative shall be regarded as established since the date of its state registration.

3. A motivated decision on the refusal to carry out the cooperatives state registration shall be issued in written form in the event of the violation of the procedure, laid down by law, of the establishment of a cooperative or of non-compliance of its constituent instruments with the law requirements. The refusal to carry out state registration, the violation of the periods or of the procedure for state registration and also the evasion from such registration may be appealed against in a court of law. In the event of the violation of the periods or of the procedure for state registration the cooperative may appeal against the actions of the state organ which has carried out the cooperative's registration with a court in the statutory procedure.

4. The state body which has carried out the cooperative's state registration shall publish information about this in the procedure, stipulated by [Article 46](#) of the present Federal Law, with an indication of the name of the cooperative, the information about the subject-matter of its activity and also of the surnames, names and patronymics of the members of the board of the cooperative.

5. The cooperative which has failed to launch its statutory activity in the course of one year, shall be struck of the unified state register of legal entities in the established procedure.

Article 10. The Establishment of Cooperatives in the Process of the Reorganization of Agricultural Organizations

1. The members (participants) of the collective farm, economic society, company and also the work collective of the state farm shall have the right, by agreement with the proprietor, to adopt a decision on the preservation of the existing form of management with bringing it into line with current legislation, or a decision on the reorganization and the establishment on its basis of one or several cooperatives or other agricultural organizations, or peasant farms in the procedure, stipulated by the [Civil Code](#) of the Russian Federation and the present Federal Law.

2. In the event of reorganizing the agricultural organization, its [members](#) (participants, [workers](#)) shall adopt an independent decision on joining a cooperative or other agricultural organizations, provided for by the civil legislation, or set up peasant farms.

3. If the decision has been adopted on joining the production cooperative, set up on the basis of the agricultural organization, a member (participant) of the agricultural organization shall make a share contribution to the share fund of the production cooperative in the amounts and within the periods, fixed by the present Federal Law and the cooperative rules. In the event of reorganizing the agricultural organization, its member (participant) shall have the right to transfer the land plot apportioned to him, or the land share due to him, to the account of the [share contribution](#) to the share fund of the cooperative (on the condition, or without it, that they are to be returned in kind, if he withdraws from the cooperative on the terms, established by the legislation of the Russian Federation and the legislation of the subject of the Russian Federation).

4. If as a result of reorganizing several agricultural organizations or peasant farms the production infrastructure facilities shall not be divided (workshops, garages, driers, grain barnyards, warehouses, etc.) whose services have been used by all members (participants) of the reorganized agricultural organization. The list of said facilities shall be determined by decision of the general meeting of the members (participants) of the reorganized agricultural organization. The said facilities shall be declared to be indivisible, with the exception of the following cases, when they may be divided in value terms:

1) if it is economically inexpedient to use the said facilities due to the remote location of the agricultural organization or the peasant farm from production infrastructure facilities;

2) if the agricultural organization or the peasant farm has similar production infrastructure facilities and there is no need them to have production infrastructure facilities in common use.

5. If no less than 51 per cent of the total amount of the property share contributions, represented by the indivisible production infrastructure facilities, are transferred to the share fund of one of the production cooperatives, the said cooperative shall have the right to include these facilities in its indivisible fund on the condition of the admission of the remaining

agricultural organizations of peasant farms, set up as a result of the reorganization, with their consent, to the cooperative as its associated members, provided that the said associated members are offered the opportunity to use these facilities on a contractual basis.

6. If the remaining agricultural organizations and peasant farms are unwilling to join the production cooperative as associated members, the value of their shares, represented by the indivisible production infrastructure facilities, shall be either reimbursed to them or they shall transfer the said indivisible production infrastructure for trust management.

7. If none of the agricultural organizations or none of the peasant farms, set up as a result of the reorganization of the agricultural organization is in control of 51 per cent of the total amount of property share contributions, represented by the indivisible production infrastructure facilities, or if the production cooperative which has the right to include the indivisible production infrastructure facilities in its indivisible fund refuses to do so, one or several consumer cooperatives shall be set up for the utilization of said facilities.

8. In keeping with the procedure stipulated by the present Federal Law and the rules of the consumer cooperative set up for the purposes of utilizing the indivisible production infrastructure facilities, any agricultural commodity producer carrying out its activity on the territory of the organization that is being reorganized shall have the right to become a member of the consumer cooperative or a participant in the agreement on the utilization of said facilities in the production cooperative.

Chapter III. The Cooperative Rules

Article 11. Information Necessary for the Cooperative Rules

1. The cooperative rules shall include the following obligatory information:

- 1) the name of the cooperative;
- 2) the place of location of the cooperative;
- 3) the term of operation of the cooperative or the indication of the unlimited nature of the cooperative's activity;
- 4) the subject-matter and goals of the cooperative's activity. In this case it is sufficient to determine one of the main spheres of the cooperative's activity, with an indication that the cooperative may engage in any kind of activity within the limits of the goals for the attainment of which the cooperative has been established.
- 5) the procedure and terms of joining the cooperative, the grounds and procedure for the termination of the cooperative membership;
- 6) the conditions of the amount of the share contributions of the cooperative members;
- 7) the composition and the procedure of making share contributions, the responsibility to be borne for the violation of the duty to make them;
- 8) the amounts and terms of the formation of indivisible funds, if they are provided for;
- 9) the terms of the formation and utilization of the reserve fund;
- 10) the procedure for the distribution of the profit and losses of the cooperative;
- 11) the terms of the cooperative members' subsidiary liability in the amount not below that fixed by the present Federal Law;
- 12) the composition and jurisdiction of the management bodies of the cooperative, the procedure for the adoption of decisions by them, including on the matters calling for a unanimous decision or for a decision to be adopted by a majority of vote;
- 13) the rights and duties of the cooperative members and associated members of the cooperative;
- 14) the nature and procedure of personal labour contribution to the activity of the production cooperative, the responsibility to be borne for the violation of the duty to make personal labour contribution;
- 15) the date of the start and of the end of the fiscal year;
- 16) the procedure for the valuation of land plots, land shares and of other property, contributed against the share contribution;
- 17) the procedure for the publication of information about the state registration, liquidation and reorganization of the cooperative in an official press organ;
- 18) the procedure and terms of the reorganizations or liquidation of the cooperative;

19) the surname, names, patronymics, birth dates, places of residence, the series and numbers of the passports or the documents replacing them of the cooperative members who have endorsed the rules and of the members of the board of the cooperative.

2. The cooperative rules may also include other information not conflicting with the present Federal Law.

3. The copy of the cooperative rules shall be handed over to each of its members of it shall be kept in a place, accessible to those within to look through it.

Article 12. The Introduction of Amendments to the Cooperative Rules and of Addenda to Them

1. It shall be admissible to introduce amendments to the cooperative rules and of addenda to them, provided they do not conflict with the present Federal Law.

2. Amendments to the cooperative rules and addenda to them shall be adopted by a majority of vote by the cooperative members attending the general meeting, unless stipulated otherwise by the present Federal Law of the cooperative rules and provided the description of the nature of these amendments and addenda has been included in the notification about the holding of the general meeting of the cooperative members.

3. The qualified majority of votes shall be necessary for the adoption of decisions on the matters, associated with the introduction of the following amendments to the cooperative rules and addenda to them:

1) the introduction of additional cooperative members' duties in connection with the utilization of the cooperative's fixed assets or with the services rendered by it;

2) the changes to be introduced in the subject-matter of the cooperative's activity or in the procedure of the formation of its share fund;

3) the introduction or expansion of the sphere of the cooperative member's right to contribute additional share contributions, increases the mandatory share contributions;

4) the introduction of changes in the procedure and terms of joining the cooperative and of the withdrawal from it;

5) the introduction or expansion of the sphere of the right of the expelled or withdrawing cooperative members to receive cooperative payments;

6) the introduction of the procedure for the adoption of decisions by a qualified majority of votes and for the introduction of other amendments and addenda to the cooperative rules.

4. Amendments to the cooperative rules and addenda to them adopted by the general meeting of the cooperative members shall be signed by the chairman and the secretary of the said meeting, affixed with the seal of the cooperative and sent within seven days to the body which has carried out the cooperative's state registration, with an indication of the following information:

the name of the cooperative;

the place of location of the cooperative;

the content of the amendments and/or addenda and the date of their adoption;

the number of the cooperative members who attended the general meeting and the number of the cooperative members, both of those who voted in favour of the amendments to the cooperative rules and/or the amendments to them and of those who voted against them.

Federal Law No. 31-FZ of March 21, 2002 excluded Item 5 from Article 12 of this Federal Law. The amendments shall come into force as of July 1, 2002

5. Amendments to the cooperative rules and addenda to them shall be registered in the same procedure that is used in the registration of the cooperative rules, with the respective document issued.

6. Amendments to the cooperative rules and addenda to them shall take effect for third parties since the date of the state registration of the said amendments.

7. It shall be impermissible to cancel any amendments to the cooperative rules and addenda to them on the grounds of the non-observance of the procedure for their adoption, if two or more years have elapsed since the date of state registration of these amendments and addenda.

8. In keeping with the procedure, established by the present Federal Law, for the purpose of introducing amendments to the cooperative rules and addenda to them the cooperative may adopt and approve a new wording of the cooperative rules and present them to the body carrying out state registration.

Chapter IV. Cooperative Membership

Article 13. Cooperative members

1. Citizens of the Russian Federation who have reached the age of 16, recognize the production cooperative rules and make their personal labour contribution to its activity may become members of a production cooperative.

2. Citizens of the Russian Federation and foreign nationals and/or legal persons - agricultural commodity procedures recognizing the consumer cooperative rules and taking part in its economic activity may become members of a consumer cooperative.

3. The legal entity acting as a cooperative member shall be represented in the given cooperative by a natural person, authorized for the purpose by a power of attorney, drawn up in a proper way.

4. Private persons and legal entities may act as members of several cooperatives, unless stipulated otherwise by the rules of the given cooperatives.

5. The cooperative shall have the right to introduce additional information in its rules about the terms of the admission of new cooperative members, providing for:

the level of skill and personal qualities of the private persons, admitted to the cooperative;

the commitments to make use of the cooperative's services within the scope, stipulated by the agreements;

the distance which divides the farm of the person who is being admitted to the cooperative membership from the cooperative;

the requirements for the range and quality of the products, turned out by the person who is being admitted to the cooperative;

other requirements not conflicting with the present Federal Law and the cooperative rules and ensuring the attainment of the cooperative's goals, stipulated by its rules.

6. The cooperative members shall not be paid dividends on their obligatory shares.

Article 14. Associated Cooperative Membership

1. Associated membership of production and consumer cooperatives shall be permissible in keeping with their rules.

2. Legal entities, regardless of their organizational structure, legal status and property form, and private persons who have made a share contribution to the cooperative may act as associated members of the cooperative.

3. When a member of the cooperative ceases his labor activities with the cooperative, the production cooperative is entitled on the basis of a decision of the general meeting of the members thereof to remake his membership into an associated membership in the following case:

the transfer to an elected post outside the cooperative;

the service in the Armed Forces of the Russian Federation;

in other cases, provided for by the cooperative rules.

4. The amount of the share contribution of the associated cooperative members and the terms of payments of the dividends on them shall be determined in keeping with the cooperative rules on the basis of the agreement, concluded by the cooperative with the associated members.

5. The associated cooperative member shall not have the right to vote in the cooperative, unless:

1) the amendments are introduced to the cooperative rules, associated with the terms of his membership of the cooperative;

2) he is a worker of the cooperative. In this case the total number of the associated members' votes shall not exceed 50 per cent of the number of the cooperative member's votes.

Should the number of the associated members being employees of the cooperative exceed the maximum number of the votes thereof as defined by law and the by-laws of the cooperative,

the personal composition of the participants in the general meeting of the cooperative being representatives of the associated members shall be set at their meeting.

6. In the event of liquidating a cooperative, the associated cooperative members shall have the right to their share contributions to be paid back and to the announced but not paid dividends before the value of the cooperative members' shares has been paid back to them.

7. It shall be possible to provide various services (the supply of fuel, cultivation of a land plot, delivery of food-stuffs, fodder, etc.) to the associated members-pensioners instead of payment of dividends, on the basis of the agreement, concluded with them in written form.

8. Associated members shall have the right to withdraw from the cooperative. They shall be paid back the value of the share contributions and dividends, in keeping with the cooperative rules and with the agreements, concluded with the given associated members.

Article 15. Admission to the Cooperative Membership

1. Natural and juridical who have expressed the desire to join the [cooperative](#) after its state registration and meet the requirements of [Article 13](#) of the present Federal Law shall submit an application to the board of the cooperative membership. The decision of the board of the cooperative on the admission of a new member shall be endorsed by the supervisory council of the cooperative, and in its absence, by the general meeting of the cooperative.

2. The decision of the supervisory council of the consumer cooperative on the admission to the [cooperative members](#) shall be regarded as final, unless stipulated otherwise by the cooperative rules. The decision of the supervisory council (if any) of the production cooperative on the admission of a new member to the cooperative or on the refusal to admit him shall be endorsed by general meeting of the cooperative members.

3. The application for admission to cooperative membership shall include the commitments to observe the requirements of the cooperative rules, including making [share contributions](#) stipulated by the cooperative rules and bearing subsidiary liability for the cooperative's debts, etc.

4. A motivated decision on the refusal to admit the applicant to the cooperative shall be communicated to him in written form. The applicant shall have the right to appeal against this decision at the general meeting of the cooperative members. After the adoption by the general meeting of the cooperative members of the decision on refusal, the application with the request or admission to the cooperative may be submitted once more after the removal of the reasons for the refusal.

5. The applicant shall be regarded as admitted to cooperative membership since the date of the endorsement of the respective decision of the cooperative board by the supervisory council of the cooperative or by the general meeting of the cooperative members.

6. A membership book shall be issued to the cooperative member with an indication of the following data:

the amount of [obligatory share contribution](#) and the time-limits for contributing it;
the amounts and number of the [additional share contributions](#);
the form of the share contribution (cash, land, property);
the amount of the increment share and the date when it is accrued;
the amount of payments of the value of share and the dates of these payments;

Article 16. The Termination of Cooperative Membership

1. The cooperative membership shall be terminated in the event of:

- 1) the withdrawal from the cooperative;
- 2) the transfer of share to other cooperative members;
- 3) the cooperative member's death;
- 4) the liquidation of the peasant farm or the legal entity, which are cooperative members;
- 5) the expulsion from the cooperative.

2. Each [cooperative member](#) shall have the right to terminate his membership in the cooperative in the procedure, established by the present Federal Law and the cooperative rules.

3. The [production cooperative](#) member shall have the right to withdraw from the cooperative, if he chooses to do so, by submitting his application in written form to the board of the cooperative at most two weeks before his withdrawal.

The withdrawal from the consumer cooperative shall be carried out in the procedure, stipulated by the rules of the given cooperative.

4. The cooperative member shall have the right to transfer with the consent of the cooperative his share to another person and thus withdraw from the cooperative.

5. It shall be permissible to transfer the share to a private person who is not a cooperative member solely with the consent of the cooperative. In this case the cooperative members shall enjoy the priority right to buy such share.

6. In the event of liquidating the cooperative the person who has withdrawn from the cooperative shall take part in the liquidation of the cooperative on a par with all its members during six months after his withdrawal.

7. In the event of the death of a cooperative member his heirs may be admitted to cooperative membership.

Article 17. Expulsion from the Cooperative

1. The cooperative member may be expelled from the cooperative upon the termination of the current fiscal year in the following cases:

1) if he does not discharge the duties stipulated by the cooperative rules in spite of a warning in written form;

2) if he supplies untrustworthy data on the accounting reports or unreliable information about his property status, if such requirements are provided for by the cooperative rules;

3) if damage has been caused to the cooperative by the cooperative member's failure to meet the obligations, provided for by the cooperative rules, or if a lawsuit has been filed as a result of the cooperative member's failure to meet his obligation;

4) if, in keeping with the requirements of the present Federal Law and the cooperative rules, he had no right to join the cooperative or has forfeited his right to cooperative membership;

5) if while being a member of the agricultural consumer cooperative he is a founder or a member of the organization that competes with the cooperative whose member he is, or if the organization that competes with the cooperative acts as a member of the organization whose founder or member the given cooperative member is.

2. The cooperative shall have the right to provide in its rules for additional grounds, not conflicting with the present Federal Law, with the onset of which the cooperative member may be expelled from the cooperative.

3. The question of exclusion from the production cooperative's membership shall be discussed in advance by the board of the cooperative whose decision shall be endorsed by the supervisory council of the cooperative and thereafter by the general meeting of the cooperative members. The procedure of expulsion from the consumer cooperative's membership shall be determined by its rules. Members of the cooperative board or members of the supervisory council of the cooperative may be expelled from the cooperative solely by decision of the general meeting of the cooperative members.

4. The cooperative member shall be notified by the board of the cooperative about the reasons for the question to have been raised before the meeting about his expulsion and invited to attend the general meeting, where he shall be offered the opportunity to express his view of the forthcoming expulsion.

5. A decision on the expulsion from the cooperative shall be adopted, if there are grounds, provided for by the present Federal Law or by the cooperative rules.

6. The person expelled from the cooperative shall be informed about this decision in written form as soon as possible. The excluded person's membership in the cooperative shall be terminated at the time of the receipt of the written notification about the expulsion from the cooperative.

7. The person expelled from the cooperative shall have the right to appeal against the decision of the board of the cooperative and of its supervisory council to the regular general meeting of the cooperative or to a court of law.

8. A person expelled from among the members of the cooperative shall be entitled to receive the share in accordance with the procedure set forth in Article 18 of the present Federal Law.

Article 18. Repayment of the Share to the Withdrawing Cooperative Member

1. The value of his [share contribution](#) shall be repaid to the withdrawing cooperative member or the property shall be returned corresponding to his share contribution and also the payments due to him shall be made in the amounts, within the periods and on the terms, stipulated by the cooperative rules.

2. If the cooperative member transfers his share to another person, payments, in keeping with [Item 4 of Article 16](#) of the present Federal Law, shall not be made to the withdrawing cooperative member.

3. The increment share shall be paid to the outgoing member of the cooperative in accordance with the same procedure provided for the members of the cooperative in Article 36 of the present Federal Law.

4. The cooperative shall have the right, in making settlements with the withdrawing cooperative members, to deduct the amount of debts, owned by that person to the cooperative, from the payments due to be made to this person.

5. The share contribution shall be returned to the withdrawing cooperative member in the procedure, established by the rules. In keeping with the cooperative rules or with the decision of the general meeting of the cooperative members and with the consent of the person withdrawing from the cooperative, payment of the value of the share contribution may be provided for in kind in the form of a land plot or of other cooperative property.

6. The size of the plot of land handed out to offset the share shall be determined pro rata to the size of the cooperative's stock of land proceeding from the amount of the share contribution of the outgoing member of the cooperative and the value of land per hectare in accordance with which the plot of land or land share has been entered in the share contribution. In such a case the size of the plot of land handed out shall not exceed the size of the land share or the plot of land handed over to the cooperative by the outgoing member thereof when he joined the cooperative.

7. In the case stipulated under Item 3 Article 10 of the present Federal Law if the plot of land or land share has been handed over to the cooperative under an agreement as a share contribution on condition that the plot of land is to be returned at the exit out of the membership of the cooperative in accordance with the procedure and on the terms provided in the said agreement. Disputes concerning the return of the plot of land shall be in such a case resolved by the court.

8. The location of the land plot given to the withdrawing cooperative member against his share contribution in keeping with the cooperative rules or with the decision of the general meeting of the cooperative members, shall be established by decision of the board of the cooperative. 9. In the event if the outgoing member of the cooperative wishes to receive, to offset the share, a plot of land of a size exceeding the plot of land defined under Items 6 and 7 of the present Article, the possibility of the allocation of such a plot of land and the terms on which it is going to be transferred shall be defined by agreement of the outgoing member of the cooperative and the cooperative in compliance with the by-laws of the cooperative.

10. The withdrawal from the cooperative of a land plot for the purpose of setting up a peasant farm shall be carried out in the procedure stipulated by [Articles 10](#) and [41](#) of the present Federal Law.

11. The heirs of the deceased cooperative member who have not been admitted to cooperative membership shall be paid the value of the deceased cooperative member's share contribution.

Chapter V. The Cooperative Management Bodies

Article 19. The Structure of the Cooperative Management Bodies

1. The affairs of the [cooperative](#) shall be carried out by the general meeting of the cooperative members (the meeting of authorized persons), the board of the cooperative and (or) the chairman of the cooperative, the supervisory board of the cooperative, formed in the consumer cooperative without fail and the production cooperative, if it has at least 50 members.

2. The powers and structure of the management bodies of the cooperative, the procedure for the election and recall of the members of the board of the cooperative and of the members

of its supervisory council and also the procedure for the convocation and holding of the general meeting of the cooperative members or of the meeting of authorized persons shall be established in keeping with the present Federal Law and the cooperative rules.

Article 20. The Powers of the General Meeting of the Cooperative Members

1. The general meeting of the cooperative members shall be a supreme management body of the cooperative and shall be authorized to settle any matters referring to the activity of the cooperative, including the revocation or confirmation of the decisions of the board of the cooperative and of its supervisory council.

2. The consideration and adoption of decisions on the following matters shall be within the exclusive jurisdiction of the general meeting of the cooperative members:

1) the approval of the cooperative rules and the introduction of amendments and addenda to them;

2) the election of the chairman, the members of the board of the cooperative and of the members of its supervisory council, the hearing of the accounts of their activity and the termination of their powers;

3) the approval of the development programmes of the cooperative, the annual accounting report and the balance-sheet;

4) the determination of the amount of share contributions and of other payments and of the procedure of making them by the cooperative members;

5) the procedure for the distribution of the profit (incomes) and losses among the cooperative members;

6) the alienation of the cooperative's land and fixed assets, their acquisition;

7) the determination of the kinds and amounts of the funds of the cooperative and also of the terms of their formation;

8) the procedure for joining by the cooperative other cooperatives, economic societies and companies, unions, associations and also for its withdrawal from them;

9) the procedure for granting credits to cooperative members and the determination of the amounts of these credits;

10) the establishment or liquidation of the representative offices and affiliates of the cooperative;

11) the reorganization or liquidation of the cooperative;

12) the admission of new members to and their expulsion from the cooperative (production cooperative); other matters, referred by the present Federal Law to the exclusive jurisdiction of the general meeting of the cooperative members.

3. A decision on the matter referring to the exclusive jurisdiction of the general meeting of the cooperative members shall be regarded as adopted, if at least two-thirds of the cooperative members attending the general meeting have voted in its favour.

The cooperative rules may provide for a more representative quorum for the adoption of a decision of the matter referring to the exclusive jurisdiction of the general meeting of the cooperative members.

The notification about the forthcoming consideration of the exclusive jurisdiction of the general meeting of the cooperative members shall be necessarily sent to all cooperative members with the right to take part in the vote on the given matter. If the said requirement is violated, the decision of the general meeting of the cooperative members shall be regarded as illegal.

Article 21. The Convocation of the General Meeting of the Cooperative Members

1. The first general meeting of the cooperative members shall be convened as soon as possible but at most three months after the cooperative's state registration.

2. The duty to convene a general meeting of the cooperative members shall be carried out by the board of the cooperative, and if the powers of the cooperative board have been suspended, by the supervisory council of the cooperative.

3. The general meeting of the cooperative members shall be convened, if 10 per cent of the cooperative members with the voting right demand its convocation in their application,

signed by them (with an indication of the purpose and grounds), unless otherwise stipulated by the cooperative rules.

4. If the cooperative members' demand is not met by its board, the duties of convening the general meeting of the cooperative members and of the announcing its agenda shall be assumed by the supervisory council of the. If the supervisory council fails to discharge its duties either, the convocation of the general meeting of the cooperative members and the announcement of its agenda shall be carried out by the initiative group of cooperative members.

Article 22. Procedure and periods for the Convocation of the General Meeting of the Cooperative Members

1. The general meeting of the cooperative members shall be convened in the procedure and within the periods provided for by the cooperative rules. The annual general meeting of the cooperative members shall be convened at most three months after the end of the financial year.

2. The notification in written form about the convocation of a general meeting of the cooperative members with an indication of the agenda, the place and time of convocation of the given meeting shall be sent not later than seven days and not earlier than 30 days before the date of holding the given meeting. The notification shall be sent to the cooperative members with the voting right. Decisions may not be adopted on the questions referring to the agenda, announced in violation of the procedure and periods, stipulated by the present Article.

3. The general meeting of the cooperative members shall, as a rule, settle matters at its meetings. It shall be possible to adopt decisions by the method of survey in the cases, stipulated by the cooperative rules.

In this case the draft decision of the general meeting of the cooperative members shall be sent to all the cooperative members who shall be obliged to state their position in written form. All cooperative members shall be notified about the adopted decision by the cooperative board within 10 days from the date of the receipt of information from the last of them. A decision by the method of survey shall be regarded as adopted in the absence of objections of at least one of the cooperative members.

4. The notification in written form about the convocation of the general meeting of the cooperative members shall be handed over to the cooperative member to be signed for its or sent to him by post.

5. The refusal in written form to accept the said notification by the cooperative member shall be understood to mean that the given cooperative member has been notified about the convocation of the general meeting of the cooperative members. The waiver of the right to take part in the vote may be signed by the cooperative member at any time.

Article 23. The Meeting of Authorized Persons

1. The general meeting of a cooperative with a membership of over 300 may be held in the form of a meeting of authorized persons, in keeping with the cooperative rules.

2. The number of authorized persons shall be determined on the basis of the number of cooperative members at the close of the financial year.

3. The provisions for the general meeting, established by the present Federal Law and by the cooperative rules, shall also be valid with respect to the meeting of authorized persons.

4. The authorized persons shall be elected by open or secret ballot in keeping with the cooperative rules, which shall determine:

1) the number of cooperative members to be represented by one authorized person to be elected;

2) the term of the said persons' office;

3) the procedure for their election;

5. The authorized persons shall not transfer their powers to other cooperative members.

Article 24. Procedure for the Adoption of Decisions by the General Meeting (the Meeting of Authorized Persons) of the Cooperative Members

1. The quorum in the adoption of decisions, unless stipulated otherwise by the cooperative charter, shall account for not less than:

at the general meeting of the cooperative members attending in person - 25 per cent of the total numbers with the voting right but at least five cooperative members, if the cooperative has membership of less than 20;

at the meeting of authorized persons - 50 per cent of the total number of the elected authorized persons, but at least 50 authorized persons.

2. The general meeting of the cooperative members shall adopt decisions by a majority of vote, unless other requirements are laid down by the present Federal Law or by the cooperative rules.

3. The cooperative member who has not made the share contribution in the established procedure shall not have the right to vote.

4. The cooperative member shall not take part in the vote in the adoption of the decisions on his removal from the elected office or on his release from the obligations to the cooperative, or if claims have been laid against him.

5. The representatives of the union (association), duly authorized for the purpose, shall have the right to attend the general meetings of the members of the cooperatives, which are members of the given union (association), with the right of a consultative vote.

Article 25. The Appeal Against the Decision of the General Meeting of the Cooperative Members

1. If the decision of the general meeting of the cooperative members is unacceptable to some cooperative members, it may be appealed against by them in a court of law.

2. The decision of the general meeting of the cooperative members which has been adopted with violation of the legislation of the Russian Federation and of the legislation of the subjects of the Russian Federation and whose implementation may involve the liability of the members of the board of the cooperative and of the members of its supervisory board, may be appealed against by them in a court of law.

Article 26. The Board of the Cooperative and Its Powers

1. The board of the cooperative shall be the executive body of the cooperative, carrying out the current management of its activity and representing the cooperative in business and other spheres. The board of the cooperative shall be accountable to the supervisory council of the cooperative and the general meeting of the cooperative members.

2. The board of the cooperative shall be elected by the general meeting of the cooperative for a term of at most five financial years and it shall consist of at least three members.

3. The members of the board of the cooperative shall be cooperative members.

4. The members of the board of the cooperative shall be authorized to settle jointly the matters referring to the sphere of their jurisdiction, unless they are faced with the cases provided for by Item 7 of the present Article. The cooperative rules shall provide for the distribution of duties among the members of the board of the cooperative, provided they jointly settle the matters, associated with business transactions in the amount exceeding that fixed in advance.

5. The board of the cooperative shall hire workers, organize their work or, in keeping with the decision of the general meeting of the cooperative members, entrusted these duties to the executive board of directors, whose jurisdiction shall be determined by the cooperative rules.

6. The amounts of remuneration for the work performed by the members of the board of the cooperative shall be determined by the general meeting of the cooperative members depending on the scope of the production and other business activity of the cooperative and also on the volume of work, performed by the members of the board of the cooperative. The members of the board of the cooperative may be any time relieved of their duties by decision of the general meeting of the cooperative members.

7. The by-laws of the cooperative may provide for the election, out of the members of the cooperative, of chairman of the cooperative who simultaneously become chairman of the governing board of the cooperative. In the event when the number of the members of the cooperative is less than 25 the by-laws of the cooperative may provide for the election of only chairman of cooperative and deputy (deputies) thereof. Chairman of the cooperative shall act on behalf of the cooperative without powers of attorney, represents the cooperative in the bodies of state power, bodies of local self-government and organizations, disposes of the assets of the

cooperative, enters in agreements and issues powers of attorney including the right of assignment, opens the cooperative's accounts in banks and other credit organizations, hires and dismisses the employees of the cooperative, issues orders and instructions binding on the members of the cooperative and the employees thereof and exercises the other powers provided in the by-laws of the cooperative.

8. The members of the board of the cooperative shall sign the official documents of the cooperative by affixing their signatures next to the name of the cooperative.

Federal Law No. 31-FZ of March 21, 2002 excluded Item 9 from Article 26 of this Federal Law. The amendments shall come into force as of July 1, 2002

9. It shall be sufficient to present the certificate of the body which has carried out state registration of the cooperative in order to confirm the powers of the members of the board of the cooperative.

10. The board of the cooperative shall manage the affairs of the cooperative within its own responsibility with due observance of the restrictions, established by the present Federal Law and the cooperative rules.

Federal Law No. 34-FZ of February 18, 1999 excluded Article 27 from this Federal Law

Article 27. ~~The Introduction of Changes in the Composition of the Board of the Cooperative and in Its Members' Powers~~

~~1. Any change in the composition of the board of the cooperative or in the powers of one of the members of the board of the cooperative shall be reflected in the rules, and the said changes shall be registered in the procedure established by law. The respective documents or their copies shall be appended to the application for state registration shall be obliged to make arrangements for the respective publication about the introduction of the said changes in official publications.~~

~~2. The members of the board of the cooperative shall be obliged to present the notarially certified samples of their signatures to the body carrying out state registration.~~

~~3. The change in the composition of the board of the cooperative or in the representative powers of one of its members shall take effect for third parties from the date of state registration of the said change and their publication in the official press. However, the cooperative shall not have the right to refer to the absence of state registration of the said change in the relationships with third parties who acted with due account of this change.~~

~~4. If the change has been registered and published, the third party shall recognize it as valid as far as they are concerned. This shall not refer to the juridical actions performed within 15 day after the respective publication if the third party proves that it knew nothing, and could not have known about this change.~~

Article 28. The Responsibility of the Members of the Cooperative Board

1. The members of the board of the cooperative shall act in the interests of the cooperative conscientiously and reasonably. They shall take steps to protect the confidentiality of information representing official and/or commercial secret, revealed to them in connection with the exercise of their powers.

2. The losses, incurred by the cooperative as a result of the unconscientious discharge of their duties by the members of the cooperative board, shall be reimbursed by them to the cooperative on the basis of a court decision. In this case the guilty parties shall bear joint responsibility.

3. The member of the cooperative board shall be obliged, in the procedure established by the law, to reimburse the losses, caused to the cooperative by him, if, in violation of the present Federal Law of the cooperative rules:

the share contributions are repaid in full or in part, the dividends are paid or cooperative payments are made;

the cooperative property is transferred or sold;

cooperative payments are made after the cooperative became insolvent or after it was declared insolvent (bankrupt);

a credit is granted.

4. The members of the cooperative board shall not reimburse the losses to the cooperative, if their actions are based on the decision of the general meeting.

5. The members of the cooperative board shall not be relieved of the duty to reimburse the losses, caused by them to the cooperative as a result of their actions, provided for by [Item 3](#) of the present Article, if these actions have been performed with the approval of the supervisory council of the cooperative.

Article 29. The Supervisory Council of the Cooperative

1. The supervisory council of the cooperative, unless stipulated otherwise by the cooperative rules, shall consist of three members, elected by the general meeting from among the cooperative members. The procedure for the adoption of decisions by the supervisory council shall be established by the cooperative rules.

2. It shall be impermissible for the supervisory council members to receive any reward according to the results of the activity of the cooperative. The expenses, incurred by them in the exercise of their powers, shall be reimbursed on the basis of the decision of the general meeting of the cooperative members.

3. The powers of the members of the supervisory council of the cooperative may be terminated by decision of the general meeting before the expiration of the period for which they have been elected. At least two-thirds of the votes of the cooperative members attending the general meeting shall be necessary for the adoption of such decision.

4. It shall be impermissible for a member of the supervisory council of the cooperative to act simultaneously as a member of the board of the cooperative or as the chairman of the cooperative.

5. The members of the board of the cooperative who have expressed the desire to withdraw from its composition shall not be elected to the supervisory council of the cooperative before the adoption by the general meeting of the [cooperative members](#) of the decision on the termination of their powers.

Article 30. The Powers of the Supervisory Council of the Cooperative

1. The supervisory council of the cooperative shall exercise control over the activity of the board of the cooperative. The supervisory council of the cooperative shall have the right to demand an account of the board's activity and also to familiarize themselves with the documents of the cooperative, inspect the state of the cash-office of the cooperative, the availability of the securities, commercial documents, carry out an inventory, etc.

2. The supervisory council shall be obliged to check the balance-sheet, the annual report, make conclusions, drawn on the basis of the proposals on the distribution of the annual incomes of the cooperative and on the measures to be adopted cover the annual deficit. The supervisory council shall be obliged to inform the general meeting of the cooperative members about the results of the inspection before the approval of the balance sheet.

3. The supervisory council of the cooperative shall supply conclusions about the applications with requests for admission to cooperative membership and for withdrawal from the cooperative.

4. The supervisory council of the cooperative shall convene the general meeting of the cooperative members, if this meets the interests of the cooperative. The chairman of the supervisory council shall perform the duties of chairman at the sittings of the general meetings of the cooperative members, unless stipulated otherwise by the cooperative rules.

5. The cooperative rules may also provide for other powers of the supervisory council of the cooperative.

6. A member of the supervisory council of the cooperative shall not have the right to transfer his powers to other persons.

7. The supervisory council of the cooperative shall represent the cooperative, if the cooperative has lodged a statement of claim against the members of the board of the cooperative, in keeping with the decision of the general meeting of the cooperative members.

8. It is necessary to obtain the consent of the supervisory council of the cooperative, if a credit is to be granted to a member of the board of the cooperative and also if a member of the

board of the cooperative acts as a guarantor in the event of a credit granted to a cooperative member.

9. If claims are lodged against the members of the supervisory council, the cooperative shall be represented by the persons, authorized for the purpose and elected by the general meeting of the cooperative members.

10. The supervisory council of the cooperative shall have the right to suspend temporarily the powers of the members of the board of the cooperative and assume the duty of the exercise of their powers pending the decision of the general meeting of the cooperative members which shall be convened at an early date.

11. The provisions of [Article 28](#) of the present Federal Law on the responsibility of the members of the cooperative board shall be applicable to the members of the supervisory council of the cooperative.

Article 31. The Auditing Unions

1. The audit of cooperatives and unions of cooperatives shall be performed by the audit unions incorporating the said cooperatives and the unions of cooperatives. The audit unions shall be set up in accordance with the procedure defined in Article 5 of the present Federal Law.

2. The audit of cooperatives and unions of cooperatives may be performed in accordance with the procedure provided by the law, by other auditors and audit firms on the instructions of an inquiry body, investigator if the authorization of the procurator is available, the instructions of the procurator, court and arbitration court.

3. The cooperative, union of cooperatives shall necessarily join one of the auditing unions of their own choice, otherwise the cooperative, union of cooperatives shall be liquidated by the court's decision.

4. A license for auditing activity shall be issued to the auditing union in the procedure, laid down by the legislation of the Russian Federation.

5. For the purpose of inspecting the financial-and-business activity of the cooperatives the auditing union shall use the services of the auditors who are on its payroll and who have undergone the necessary training.

6. The legal capacity of the auditing union shall arise since the date of its state registration, and the right to carry out its auditing activity, since the date of the receipt by the auditing union of a license for such activity or within the period, indicated in it.

7. The audit union in compliance with its constituent thereof may perform the coordination of the activities of the cooperatives and unions of cooperatives incorporated therein, to represent and protect the property interests thereof. **8.** The name of the audit union shall contain indication to the region where it pursues its activities and the words "audit union of agricultural cooperatives".

Article 32. The Audit of the Cooperative's Activity

1. The auditing union shall carry out the audit of the cooperative's activity in order to streamline its financial and business activity, prevent possible violations leading to the infringement of the interests of the cooperative members, deterioration of the activity of the cooperative or to its bankruptcy.

2. The audit of the cooperative's activity shall be carried out by the auditing union every other financial year, and in the [cooperative](#) the balance value of whose property exceeds the 100,000-fold amount of minimum wages, every financial year.

3. The auditing union shall produce a conclusion in written form according to the results of the audit which shall be sent to the board of the inspected cooperative, with a notification about the fact sent to the supervisory council of the given cooperative.

4. The results of the audit of the cooperative's activity shall be discussed within seven days at the joint sitting of the cooperative board and of its supervisory council, and thereafter they shall be announced at the regular general meeting of the cooperative members. The board of the cooperative shall be obliged to inform the auditing union, whose representatives have the right to attend such a sitting with the right of a consultative vote, about the date of holding the said sitting.

5. If the given board does not convene the general meeting of the cooperative members within a month from the day of the receipt of the conclusion according to the audit results by the

board of the cooperative or if, in the opinion of the auditing union, the cooperative members have not been informed in full measure at the general meeting of the cooperative members about the deductions, set forth in its conclusion, the auditing union shall have the right to convene a general meeting of the cooperative members for the said matter to be discussed. Such a sitting shall be presided by the person, appointed by the auditing union.

6. The general meeting of the cooperative members shall adopt a decision on measures aimed to protect the interests of the cooperative according to the results of the audit.

7. The auditing union shall have the right to demand that the cooperative the audit of whose activity is being carried out reimburse the expenses incurred and the cost of the rendered services in keeping with the agreement, concluded with the cooperative on the audit to be carried out of its activity.

8. The auditing union shall inform its member cooperatives about the facts revealed in the course of the audit and testifying to the damage inflicted or about the threat of damage to be inflicted by the given cooperative.

Article 33. The Requirements for the Auditing Union to Keep Official and Commercial Secrets

1. The auditing union shall be obliged to adopt measures for the protection of confidentiality of information representing official or commercial secrets of the cooperative and which have become known to it in the course of audit of the given cooperative. In the event of violation of the given provision, the personnel of the auditing union who have taken part in the audit and divulged said information shall be obliged to reimburse the losses, incurred by the cooperative.

2. The auditing union shall not have the right to divulge information included in the conclusion according to the audit results, unless stipulated otherwise by the law.

3. The personnel of the auditing union shall be obliged to ensure the confidentiality of said information within three years from the date of receipt by the cooperative of the conclusion according to the audit results.

Chapter VI. Cooperative Property

Article 34. The Sources of Formation of Cooperative Property

1. Both ownership and borrowed resources may serve as the sources of formation of cooperative property. In this case the amount of borrowed resources shall not exceed 60 per cent of the total amount of the cooperative resources.

2. The cooperative shall form its own resources from the share contributions of the cooperative members, the incomes from its own activity and also from the incomes, derived from the placement of their resources on bank deposit, in securities, etc.

3. The cooperative shall act as the owner of the property, transferred to it in the form of share contributions by its members, and also of the property, produced and acquired by the cooperative in the process of its operation.

4. For the purpose of carrying out its activity the cooperative shall form funds representing cooperative property. The kinds and amounts of these funds, the procedure for their formation and utilization shall be established by the general meeting of the cooperative members in keeping with the cooperative rules.

5. The cooperative rules may provide for a certain part of the cooperative property to be represented by the indivisible funds. The decision as to the formation, the amount of indivisible funds and the kinds of the assets deemed the indivisible assets funds shall be adopted by the members of the cooperative unanimously, except as otherwise provided in the by-laws of the cooperative.

6. The cooperative shall necessarily form a reserve fund, which shall be indivisible and which shall account for at least 10 per cent of the cooperative share fund. Procedure for the formation of the reserve fund shall be established by the cooperative rules.

Article 35. The Share Contributions of the Cooperative Members

1. The property, owned by the cooperative, except for that representing its indivisible funds, shall be divided in money terms by its members' share contributions, in keeping with the cooperative rules.

2. The amount of the cooperative's share fund and of the obligatory share contribution shall be determined at the organizational meeting of the cooperative members.

3. The obligatory share contributions shall be fixed in equal amounts in the production cooperative, and in proportion to the expected scope of the cooperative member's participation in the business activity of the given cooperative, in the consumer cooperative.

4. The cooperative members may contribute additional share contributions whose amount and the terms of whose contribution shall be provided for by the cooperative rules.

5. The records of share contributions shall be kept by the cooperative. If the person who has joined the cooperative has contributed land plots, land and property shares and other property or proprietary rights against the share contribution, the valuation of the share contributions shall be carried out by the board of the cooperative in money terms and approved by the general meeting of the cooperative members. The general meeting of the cooperative members may approve the methods of valuation in money terms of the transferred property and entrust the board of the cooperative with the organization of work on the basis of these methods in the sphere of the valuation of the said property in money terms. The results of the given valuation shall be approved by the supervisory council of the cooperative. In this case only the disputable matters in the valuation of land plots, land and property shared and/or other property shall be submitted for the consideration of the general meeting of the cooperative members the valuation of the share contributions in money terms may be subjected to an independent inspection by experts.

6. The part of the appraised value of the share contribution exceeding the amount of the obligatory share contribution shall be transferred, with the cooperative member's consent, to his additional share.

7. A member of the production cooperative shall contribute at least 10 per cent of the obligatory share contribution by the time of state registration of the cooperative, with the rest of the obligatory share contribution to be contributed within one year from the date of state registration of the cooperative.

8. A member of the consumer cooperative shall contribute at least 25 per cent of the obligatory share contribution by the time of state registration of the cooperative, with the rest of the obligatory share contribution to be contributed within the periods, provided for by the consumer cooperative rules.

9. By decision of the general meeting of the cooperative members the amount of the share fund of the cooperative may be increased or reduced. The amount of the stock of shares shall not exceed the amount of the net assets of the cooperative. Should the amount of the cooperative's stock of shares exceed the amount of the net assets of the cooperative, the stock of shares of the cooperative shall be reduced by the said difference by means of a pro rata reduction of the mandatory share contributions and increment shares of the members of the cooperative.

10. The amount of the stock of shares is increased by means of increasing the amount of the mandatory share contributions or increasing the increment shares.

11. The cooperative's creditors shall be notified about the reduction in the amount of the share fund or in the periods of its formation within a month after the entry into effect of said changes. The claims of the creditors who have made demands to the cooperative within six months after the publication of the information about the said reduction in the amount of the share fund shall be met.

12. The person joining the cooperative after its state registration shall pay the obligatory share contribution in the procedure and within the periods, established by the cooperative rules. In some cases, provided for by the rules, the cooperative may grant credits to the newly admitted members for the obligatory share contribution to be paid for.

Article 36. The Distribution of the Cooperative Profit and Losses

1. The procedure for the distribution of the profit and losses of the cooperative shall be approved by the general meeting of the cooperative members within three months after the end of the financial year.

2. The cooperative's profit, determined on the basis of the balance-sheet, shall be distributed in the following way:

1) to the reserve fund and to other indivisible funds, provided for by the cooperative rules;

2) for making obligatory payments to the budget, in keeping with current legislation.

3) for the payment of due dividends of the cooperative members' additional share contributions and on the associated cooperative members' share contributions, whose total amount shall not exceed 30 per cent of the cooperative's share contributions, whose total amount shall not exceed 30 per cent of the cooperative's profit subject to distribution;

4) for the formation of the other funds as provided in the by-laws of the cooperative;

5) for the cooperative payments.

3. The cooperative payments shall be used in accordance with the following sequence:

1) up to 80 per cent of the amount of the cooperative payments can be allocated by the decision of the general meeting of the cooperative towards the replenishment of the increment shares of the members of the cooperative;

2) the balance of the cooperative payments shall be payable to the members of the cooperative in accordance with the procedure established by the by-laws of the cooperative.

4. The funds entered in the increment shares shall be used to:

1) create and expand the production assets of the cooperative;

2) redeem the increment shares. The redemption of the increment shares shall be effected if the cooperative disposes of the necessary funds and on condition that respective funds have been generated as provided in the by-laws of the cooperative. In such a case the priority shall be given to the redemption of the increment shares formed up in the earliest period in respect to their maturity year.

5. The losses of the cooperative determined per the balance sheet shall be distributed among the members of the consumer cooperative pro rata to the share of their participation in the economic activities of the consumer cooperative, among the members of the production cooperative pro rata to the rates of remuneration for labor of the members of the production cooperative.

6. In the production cooperative losses shall be covered first of all at the expense of the reserve fund, second, at the expense of the cutting of the increment shares or at the expense of additional share contributions.

7. In the consumer cooperative losses shall be covered in accordance with the procedure provided under Item 3 Article 37 of the present Federal Law.

Article 37. The Property Liability of the Cooperative and Its Members

1. The cooperative shall be liable for its obligations within its property and it shall not be liable for the cooperative members' obligations, unless stipulated otherwise by the present Federal Law.

2. The production cooperative members shall be liable for the cooperative's obligations in the amount, provided for by the cooperative rules but no less than in the amount of 0.5 per cent of the obligatory share contribution.

3. The consumer cooperative members shall be obliged to cover, within six months after the approval of the annual balance-sheet the losses incurred from the reserve fund of the cooperative or by making additional contributions. If the cooperative defaults this obligation, it may be liquidated judicially at the creditor's request. The consumer cooperative members shall bear subsidiary liability for its obligations within the limits of the non-deposited amount of the additional contribution of each of the cooperative members.

4. The newly admitted member of the cooperative, set up earlier, shall be liable for the obligations that arose before he joined the given cooperative, if this is provided for by the cooperative rules and provided the given person confirmed in written form that he was familiarized with the cooperative's obligations at the time the given person joined the cooperative.

5. The losses, incurred by the cooperative through the fault of a member of the given cooperative, shall be reimbursed by reducing the amount of that member's share contribution or in a different procedure, laid down by law.

6. It shall be permissible to collect the production cooperative member's debts from his share contribution, only if other kinds of property are insufficient to repay such debts in the

procedure and within the periods, stipulated by the present Federal Law and the cooperative rules. The cooperative member's debts shall not be collected from the indivisible funds of the cooperative and its lands.

7. Collection of the debts of the cooperative in the event when it has no cash sufficient to repay the debts may be done through collecting the assets it owns excluding the assets deemed in due course as indivisible funds, working horses and livestock, production and breeding livestock and poultry, agricultural implements and vehicles (excluding passenger cars), seed and feed stocks.

Chapter VII. The Principles of the Activity of the Cooperative

Article 38. Contractual Obligations

1. The cooperative and its members may, whenever necessary, conclude agreements making it incumbent on the cooperative members, within a certain period not exceeding 10 years, to sell all agricultural products, turned out by them, or a part of them exclusively to the cooperative or to the affiliates, set up by it.

2. The terms of the parties' liability may be provided for in the agreement for the default or for improper fulfilment of the contractual obligations.

Article 39. Keeping of Documents and Accounting of the Cooperative

1. The cooperative shall be obliged to keep properly its accounts and also the records of the general meetings of the cooperative members, sittings of the board and of the supervisory council of the cooperative. The cooperative shall have at its disposal the lists of the cooperative members with an indication of their surnames, names, patronymics, places of residence and the amounts of their share contributions. The cooperative member or its chairman shall have the right to familiarize himself at any time with the documents and accounts of the cooperative on the basis of a properly drawn up power of attorney.

2. The annual report and the balance-sheet of the cooperative shall be approved by the general meeting of the cooperative members after they have been checked by the auditing union and presented to the tax bodies and the state statistical bodies.

3. The time-limits and forms of presenting the accounts to the tax bodies and state statistical bodies shall be established by the tax legislation of the Russian Federation.

4. The cooperative shall bear responsibility, established by the legislation of the Russian Federation, for the trustworthiness of information, supplied in the annual report and the balance-sheet, and also for the trustworthiness of information, supplied to the state organs of the cooperative members and published in the official press.

Article 40. Labour in the Cooperative

1. In order to carry out their activity the cooperatives shall have the right to hire workers. The consumer cooperatives shall have the right to hire workers from among its members.

2. The workers' labour relations in the cooperative shall be regulated by the labour legislation of the Russian Federation, the laws and other normative legal acts of the subjects of the Russian Federation.

3. The production cooperative members' labour shall be regulated by the present Federal Law, other federal laws, other normative legal acts of the Russian Federation, the laws and other normative legal acts of the subjects of the Russian Federation and the cooperative rules.

4. The time of work in the cooperative of the workers and members of the production cooperative shall be included in the total and uninterrupted recorded of their work on the basis of entries in their work record cards. It shall be impermissible to introduce conditions worsening the status of the workers and members of the production cooperative as compared with the standards of the labour legislation of the Russian Federation (the minimum amount of wages and salaries, the length of leave, etc.).

5. The cooperative shall make insurance deductions from its incomes to the Social Insurance Fund of the Russian Federation, the Pension Fund of the Russian Federation, the State Employment Fund of the Russian Federation and to the obligatory medical insurance funds in the procedure, laid down by the legislation of the Russian Federation.

6. The production cooperative members and their heirs shall have a priority right to get a job in the cooperative according to their trade and skill. If it is impossible to offer a job to the cooperative member at the given cooperative, he may be granted temporarily the right to employment outside the given cooperative, with his membership preserved.

7. The production cooperative shall determine independently the forms and systems of the cooperative members' labour remuneration. They may be remunerated both in cash and in kind. The amount of labour remuneration of the production cooperative member shall be determined depending on his personal labour contribution and the cooperative's incomes. Apart for the labour remuneration, the production cooperative member shall draw cooperative payments in the procedure and within the periods, provided for by the cooperative rules.

Chapter VIII. The Reorganization or Liquidation of the Cooperative

Article 41. The Reorganization of the Cooperative

1. The reorganization of the cooperative (merger, joining, division, separation, transformation) shall be carried out by decision of the general meeting of the cooperative members in keeping with the civil legislation of the Russian Federation.

2. In the cases established by law, the reorganization of the cooperative in the form of its division or separation from the cooperative of one or several legal entities and/or peasant farms shall be carried out by the court's decision.

3. In the event of reorganizing the cooperative, appropriate amendments shall be introduced to its rules.

4. In the event of reorganizing the cooperative its rights and duties shall be transferred to its legal successors, in keeping with the deed of conveyance and the dividing balance, which shall include provisions for the succession of all the obligations of the reorganized cooperative with respect to its creditors and debtors, including those disputed by the parties, and with account of the provisions of Article 10 of the present Federal Law.

5. The deed of conveyance and the dividing balance shall be approved by the general meeting of the cooperative members and present together with the constituent instruments for state registration.

6. If the dividing balance offers no opportunity to determine the successor of the reorganized cooperative, the newly established legal entities and peasant farms shall bear joint responsibility for the obligations of the reorganized cooperative to its creditors.

7. The members of the reorganized cooperative shall become members of the newly established cooperatives and/or peasant farms.

8. The economic partnerships, companies and other agricultural organizations may be transformed into cooperatives. Production cooperatives may be transformed by the unanimous decision of their members into economic partnerships or companies.

9. The cooperative shall be regarded as reorganized, except for the cases of reorganization in the form of joining, from the date of state registration of the newly established legal entities and/or peasant farms.

Article 42. The Liquidation of Cooperative

1. The liquidation of the cooperative shall involve the termination of its activity without the assignment of the rights and duties of the cooperative to other persons in the procedure of legal succession.

Federal Law No. 31-FZ of March 21, 2002 amended Item 2 of Article 42 of this Federal Law.
The amendments shall come into force as of July 1, 2002

2. Cooperative may be liquidated in the following cases:

1) by decision of the general meeting, including in connection with the expiration of the period for which the cooperative was set up, upon attainment of the goal for the sake of which it was set up or upon recognition as invalid by the court of the cooperative's registration due to the violations of the present Federal Law, other laws or legal acts in the process of its establishment, if these violations cannot be removed;

2) by the court's decision, if the cooperative carries out activity without a proper permit (license), or activity prohibited by the law, or activity with repeated or gross violations of the present Federal Law, other laws or legal acts;

3) if the court has recognized the cooperative to be bankrupt or if its has announced its bankrupt or if it has announced its bankruptcy in the procedure laid down by law;

4) in other cases, stipulated by the legislation of the Russian Federation.

3. The claim for the cooperative's liquidation on the grounds, indicated in Item 2 of the present Article, may be lodged with the court of law by the state body of the local self-government body to which the law has granted the right to lodge such a claim.

4. The grounds for the court to recognize the cooperative as bankrupt or for the cooperative to announce its bankruptcy and also the procedure for the liquidation of such a cooperative shall be established by the law on insolvency (bankruptcy) of agricultural organizations.

Federal Law No. 31-FZ of March 21, 2002 amended Article 43 of this Federal Law. The amendments shall come into force as of July 1, 2002

Article 43. Procedure for the Liquidation of the Cooperative

1. On the instructions of the general meeting of the cooperative members, the cooperative board or the body which has adopted the decision on the liquidation of the cooperative shall be obliged to inform in written form without delay the body which carries out state registration and which includes information that the given cooperative is in the process of liquidation in the unified state register of legal entities.

2. The general meeting of the cooperative members or the body which has adopted the decision on the liquidation of the cooperative shall appoint, by agreement with the body carrying out state registration, a liquidation commission (liquidator) and establish, in keeping with the Civil Code of the Russian Federation and the present Federal Law, the procedure and time-limits for the liquidation of the given cooperative. At the request of the general meeting of the cooperative members, the duties of the liquidation of the given cooperative may be entrusted to its board by the court's decision.

3. The powers of managing the affairs of the given cooperative shall be assigned to the liquidation commission (liquidator) since the time of its appointment. The liquidation commission (liquidator) shall represent the liquidated cooperative in a court of law.

4. The liquidation commission (liquidator) shall ensure the publication of the announcement of its liquidation the procedure and period for the claims to be made by the creditors in the official organ carrying information about the cooperative's state registration . This period shall not be less than two months from the publication of information about the liquidation of the cooperative.

5. The liquidation commission (liquidator) shall take steps to find creditors and collect the debtor indebtedness, and also notify in written form the creditors about the liquidation of the cooperative.

6. Upon the expiration of the period for the creditors to make their claims, the liquidation commission (liquidator) shall make up an interim liquidation balance with information about the composition of the property of the liquidated cooperative, the list of claims made by the creditors, and also information about the results of their examination.

7. The interim liquidation balance shall be approved by the general meeting of the cooperative members or the body which has adopted the decision on the liquidation of the cooperative, by agreement with the body carrying out state registration and with the auditing union.

8. After the adoption of the decision of the liquidation of the cooperative, the cooperative members who have not made in full their obligatory contribution shall be obliged to do so within the periods determined by the general meeting of the cooperative members. In making up the liquidation balance the said share contributions shall be recorded as contributed in full.

9. If the property and resources of the cooperative prove insufficient to meet the creditors' claims, the cooperative members shall be obliged to make additional contributions in the amounts provided for by the cooperative rules. The amounts of additional contributions shall be

determined in proportion to the obligatory share contribution or in a different procedure, provided for by the cooperative rules.

10. It shall be impermissible to increase the amount of the obligatory share contribution or raise the limits of the subsidiary liability at the stage of liquidation of the cooperative.

11. If the monetary means at the disposal of the cooperative are insufficient to meet the creditors' claims, the liquidation commission (liquidator) shall organize the sale of the cooperative property in public auctions in the procedure, established for the implementation of court decisions. The land of the liquidated cooperative shall be disposed of in the procedure and on the terms that are determined by the land legislation of the Russian Federation and the legislation of the subjects of the Russian Federation.

Article 44. The Completion of the Liquidation of the Cooperative

1. The monetary sums shall be paid back to the creditors of the liquidated cooperative by the liquidation commission (liquidator) in order of sequence, established by Article 64 of the Civil Code of the Russian Federation, if keeping with the interim liquidation balance since the date of its approval, except for the creditors of the fifth turn to whom payments shall be made upon the expiration of a month from the date of approval of the interim liquidation balance.

*Federal Law No. 31-FZ of March 21, 2002 amended Item 2 of Article 44 of this Federal Law.
The amendments shall come into force as of July 1, 2002*

2. Upon the completion of settlements with the creditors, the liquidation commission (liquidator) shall make up a liquidation balance sheet which shall be approved by the general meeting of the cooperative members or by the body that has adopted the decision on the liquidation of the cooperative, by agreement with the body carrying out state registration and with the auditing union whose member the liquidated cooperative is.

3. In the process of liquidating the cooperative, its social infrastructure facilities belonging to the cooperative's indivisible fund shall not be distributed and shall be transferred to other agricultural organizations in the procedure, stipulated by Article 10 of the present Federal Law, on the basis of the decision of the general meeting of the cooperative members.

4. The liquidated cooperative's property that remains after the creditors' claims are met shall be transferred to the cooperative members and distributed among them. In this case the value of the associated members' of the cooperative share contribution contributions shall be the first to be paid back. Thereupon the value of the additional contributions made by them in the procedure of subsidiary liability, and the value of additional share contributions shall be paid to the members of the liquidated cooperative. The remainder of the monetary means or other property of the cooperative shall be distributed among the members of the liquidated cooperative in proportion to their obligatory share contributions, unless otherwise stipulated by the rules of the given cooperative.

5. The liquidation of the cooperative shall be regarded as completed and the cooperative as liquidated after an entry about the liquidation of the given cooperative has been made in the unified state register of legal entities, which fact the body carrying out state registration shall publish the respective information in an official press organ.

6. The documents and accounting reports - of the liquidated cooperative shall be transferred for storage to the state archives, which shall be obliged to ensure access to them of the members of the liquidated cooperative and of its creditors for the familiarization with the said materials and also issue, at their request, the necessary copies, extracts and references.

Chapter IX. Concluding and Transitional Provisions

Article 45. Restriction on the Use of the Words "Agricultural Cooperative" in the Name of the Legal Entity

1. The legal entity shall not have the right to use the words "agricultural cooperative" as a part of its name, unless the said legal entity meets the requirements of the present Federal Law.

2. The legal entity, set up in the form of a production of a consumer cooperative, with the words "agricultural cooperative" used as a part of its name, which does not meet the requirements of the present Federal Law, shall be obliged to exclude, within a year from the

date of entry into force of the present Federal Law, the words "agricultural cooperative" from its name or bring its status in line with the present Federal Law.

Article 46. The Publication of Information about Cooperatives

Information about production and consumer cooperatives, stipulated by the present Federal Law, shall be published in the Vestnik Cooperatsii journal at the expense of the said production and consumer cooperatives.

Article 47. The Entry into Force of the Present Federal Law

The present Federal Law shall take effect since the date of its official publication.

Article 48. Transitional Provisions

1. The Law of the USSR on the Cooperation in the USSR shall be applied on the territory of the Russian Federation since the date of entry into force of the present Federal Law (Gazette of the USSR Supreme Soviet, No. 22, 1988, item 355; Gazette of the Congress of People Deputies of the USSR and of the USSR Supreme Soviet, No. 19, 1989, item 350; No. 26, 1990, item 489; No. 11, item 294; No. 12, items 324, 325, 1991) in the part referring to agricultural cooperation.

2. The present Federal Law shall not extend either to the consumer societies of the Russian Federation and their unions operating on the basis of the Law of the Russian Federation on Consumer Cooperation in the Russian Federation or to the other non-agricultural consumer cooperatives, provided for by Item 6 of Article 116 of the Civil Code of the Russian Federation.

3. To propose that the President of the Russian Federation shall bring the legal acts issued by him in line with the present Federal Law within three months.

4. To entrust the Government of the Russian Federation with the following tasks:

to bring the legal acts issued by it in line with the present Federal Law within a three-month period;

to promote the transformation of the agricultural organizations (inter-collective-farm construction organizations, forestries, sanatorium-and-spa institutions, etc.), set up at the expense of shareholding agricultural organizations, into agricultural consumer cooperatives in keeping with the present Federal Law; promote the establishment of a cooperative research and educational centre for personnel training and for research into the problems of agricultural cooperation and also the launching of an official press organ.

5. The reorganization of agricultural organizations shall not involve the deterioration in the financial arrangements and economic conditions of the activity of the agricultural cooperatives set up on their basis in the sphere of taxation, credits, and in the procedure of budgetary financing.

6. The agricultural cooperatives, if there are less than five of them in a single administrative district, shall be permitted to set up their own auditing commissions, pending the establishment of auditing unions, or entrust these functions to the supervisory councils of the agricultural production or consumer cooperatives.

7. The agricultural organizations and peasant farms shall be granted exemption from the registration fee in the process of state registration of the changes in their legal status in connection with their reorganization and of bringing them in line with the requirements of the present Federal Law.

President of the Russian Federation
Moscow, the Kremlin

Boris Yeltsin