

Chapter 4

Defining a co-operative society

4.4 Subsidiaries

- 4.4.1** **G** If a society is a subsidiary of a parent that is a co-operative society, it must still meet the conditions for registration. When deciding whether a co-operative society which is a subsidiary meets the condition for registration we take into account the nature of the parent-subsidary relationship. For instance, it may be that the purpose of the subsidiary is to meet the common economic, social and cultural needs and aspirations of its parent and another society (including the members of those societies) within that legal group. In this context the fact that membership is limited to those two societies does not necessarily give rise to any issues – including in terms of open membership or autonomy.
- 4.4.2** **G** If a society is a subsidiary of a parent that is not a co-operative society, the society must still meet the conditions for registration. The society may find it difficult to meet the condition for registration where its members (including the parent) exist to fulfil only economic need.
- 4.4.3** **G** The rules of a society that is a subsidiary must still comply with the Act. In particular, society rules must not breach statutory thresholds, regardless of the parent-subsidary relationship. For instance, a parent cannot have more than one vote on conversion of the society. ■ RFCCBS 3.4.10 of this guidance sets out further details on this subject.
- 4.4.4** **G** If a co-operative society will be the parent of another entity (whether that entity is a society or not), we still expect the parent society to comply fully with the conditions for registration. The way it controls its subsidiary must not compromise the parent’s ability to meet the conditions for registration.