

Statute for a European cooperative society

1991/0388(CNS) - 22/07/2003 - Final act

PURPOSE : to establish the European Cooperative Society. **LEGISLATIVE ACT :** Council Regulation 1435/2003/EC on the Statute for a European Cooperative Society (SCE). **CONTENT :** This Regulation provides cooperatives with adequate legal instruments capable of facilitating the development of their cross-border activities. It is closely linked to Regulation 2003/72/EC. (Please see CNS/1991/0389). The Regulation defines cooperatives as primarily groups of persons or legal entities with particular operating principles that are different from those of other economic agents. These include the principles of democratic structure and control and the distribution of the net profit for the financial year on an equitable basis. These particular principles include notably the principle of the primacy of the individual which is reflected in the specific rules on membership, resignation and expulsion, where the "one man, one vote" rule is laid down and the right to vote is vested in the individual, with the implication that members cannot exercise any rights over the assets of the cooperative. A European cooperative society ("SCE") will have as its principal object the satisfaction of its members' needs and/or the development of their economic and /or social activities, in compliance with the following principles: - its activities should be conducted for the mutual benefit of the members so that each member benefits from the activities of the SCE in accordance with his/her participation, - members of the SCE should also be customers, employees or suppliers or should be otherwise involved in the activities of the SCE, - control should be vested equally in members, although weighted voting may be allowed, in order to reflect each member's contribution to the SCE, - there should be limited interest on loan and share capital, - profits should be distributed according to business done with the SCE or retained to meet the needs of members, - there should be no artificial restrictions on membership, - net assets and reserves should be distributed on winding-up according to the principle of disinterested distribution, that is to say to another cooperative body pursuing similar aims or general interest purposes. The introduction of a European legal form for cooperatives, based on common principles but taking account of their specific features, will enable them to operate outside their own national borders in all or part of the territory of the Community. The essential aim of this Regulation is to enable the establishment of an SCE by physical persons resident in different Member States or legal entities established under the laws of different Member States. It will also make possible the establishment of an SCE by merger of two existing cooperatives, or by conversion of a national cooperative into the new form without first being wound up, where that cooperative has its registered office and head office within one Member State and an establishment or subsidiary in another Member State. **ENTRY INTO FORCE :** 18/08/03. **DATE FOR TRANSPOSITION :** 18/08/06.