

Mergers of cooperative societies

October 04 2017 | Contributed by [George Z Georgiou & Associates LLC](#)

Merging cooperative societies Comment

Following the economic crisis, Cyprus witnessed the merging of several cooperative societies, mainly cooperative credit institutions. These mergers reduced the total number of cooperative credit institutions from over 300 to just 18. However, in July 2017 a second merger took place which saw the 18 institutions merged into a single entity. This update briefly examines the procedure to be followed for the merging of cooperative societies.

Merging cooperative societies

The merging of cooperative credit institutions is governed by the Cooperative Societies Law, which sets out a specific procedure that must be followed for the merging of two or more cooperative societies, including cooperative credit institutions.

The merging of any cooperative society begins with the committee or the board of directors calling a members' meeting. All cooperative societies involved must convene members' meetings. The majorities required for the approval of a merger are prescribed in the law and vary depending on whether the merging societies are credit institutions. The required majority for the approval of a merger by the members of the cooperative society can be as high as 80%.

Following the approval of the merger by the members of the societies involved, a written agreement between the relevant societies must be submitted to the Cooperative Societies' Supervision Authority. If the cooperative society is a credit institution, approval from the Central Bank must be obtained.

When the authority is satisfied that the correct procedure has been followed, it will register the agreement and the merger is considered effective as of the date of such registration.

Comment

Although cooperative societies are limited liability companies, the procedure that must be followed for merging such companies varies significantly compared to other limited liability companies, whereby an order from the court must be obtained before the merger.

For further information on this topic please contact [Stelios Christofides](#) at George Z Georgiou & Associates LLC by telephone (+357 22 763 340) or email (stelios.christofides@gzg.com.cy). The George Z Georgiou & Associates website can be accessed at www.gzg.com.cy.

AUTHOR

**Stelios
Christofides**

