



وزارة العمل
والتنمية الاجتماعية
المملكة العربية السعودية

THE BASIC REGULATIONS

OF THE CENTRAL AGRICULTURAL ASSOCIATION

RELEASE NUMBER (1)

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Article (1): Establishment of the Association

With the will and grace of God, this association has been established in accordance with the Cooperative Associations System issued by Cabinet Resolution No. 73 dated 9/3/1429 AH, along with its amendments and executive regulations, and according to the provisions of this regulation. It is an agricultural cooperative association with limited liability.

Article (2): Area of Operation

The association's area of operation includes Riyadh - the city of Riyadh - Al Malqa. Its center is also in the city of Riyadh and can be moved by a decision of the General Assembly to any other location within its area of operation, provided that such a move does not harm another association.

Article (3): Objectives of the Association

The association aims to improve the economic and social condition of its members by:

- Forming alliances with agricultural cooperative associations and multi-purpose cooperative associations that engage in agricultural activities in various regions of the Kingdom to localize agriculture and resume production.
- Training farmers, qualifying them, and fostering mutual agricultural cooperation to establish a unified system and build agricultural entities.
- Investing in the establishment and operation of specialized projects for the association with trained and qualified personnel.
- Investing in the cultivation of fodder and the manufacturing of food compounds to ensure the stability and sustainable growth of the agricultural market.
- Providing any other services within the association's scope of work.



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Article (4): Right to Act

This association acquires legal personality upon the completion of the registration and announcement procedures as stipulated in Articles (4) and (12) of the Cooperative Associations System and Articles (13) and (15) of the Executive Regulations of the system. The association is provided with a registration certificate and an approved copy of these regulations. The association, or its representative, has the right to act in ways that achieve the objectives and purposes outlined in Article (3) of these regulations upon completion of the registration and announcement procedures.

Chapter Two: Members

Article (5): Membership Requirements

Every member of the association must meet the following conditions:

1. Be a Saudi national.
2. Be at least eighteen years old, except for legal entities and heirs of a deceased member.
3. Meet the legal conditions for full legal capacity at the time of contribution.
4. Have paid the minimum contribution to the association.
5. Reside in the association's service area or have interests in its service area related to its purposes and activities.
6. Not engage in activities that conflict with the association's interests.
7. Be accepted by the association's Board of Directors, except for founding members. Anyone whose membership is rejected by the Board of Directors has the right to appeal to the General Assembly. If the General Assembly approves the membership, the person is considered a member of the association after paying for the shares they wish to subscribe to.



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Article (6): Contribution of Institutions to the Association

Legal entities (such as institutions and companies) may contribute to the association if they meet the membership requirements. In this case, the members of these legal entities are not entitled to individually benefit from the association's services and cannot be nominated for membership in the Board of Directors or other committees unless they are personally contributing to the association.

Article (7): Association's Contribution to Institutions

The association, with the approval of the General Assembly and the Ministry, may contribute as a legal entity to institutions and companies established in its service area, provided that such contribution helps achieve the association's objectives. This contribution should not exceed half of the association's share capital at the time of contribution.

Article (8): Duties of Members

Anyone who becomes a member of the association must:

1. Sign the members' register, which includes their name, address, date, and number of shares they own. The member's signature on this register must be done after they have fully reviewed and understood all the provisions of these regulations.
2. Fulfill all obligations and duties stipulated in these regulations and the internal bylaws of the association, and comply with the decisions of the General Assembly and the Board of Directors.
3. Settle any debts or loans owed to the association or guaranteed by the association. Under no circumstances may a member demand the liquidation of their shares to settle any debts owed to the association or others.
4. Notify the Board of Directors in writing of any change to their address as recorded in the membership register. The association bears no responsibility, and the member has no right to object to any decision on the grounds of not being notified if their address is not updated with the association.



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Article (9): Member Expulsion

A member may be expelled from the association by a decision of the Board of Directors in the following cases:

1. If they lose any of the conditions stipulated in Article (5) of these regulations.
2. If they are subject to a judicial or administrative ruling involving dishonesty or lack of integrity.
3. If they violate the provisions of paragraphs (2) and (3) of Article (8) of these regulations.
4. If they deliberately cause material or moral harm to the association, with the Board of Directors determining the extent of such harm.

The Board of Directors must notify the expelled member in writing. The member has the right to appeal to the General Assembly within fifteen days of being notified. The General Assembly must decide on the appeal, and the expulsion decision becomes effective only after the member's appeal is rejected or the appeal period expires without action.

Article (10): Resignation

Any member wishing to resign from the association may submit a written request to the Board of Directors stating the reasons for their resignation. The Board of Directors must decide whether to accept or reject the resignation, providing justifications within six months from the date the resignation request is received. If the Board of Directors remains silent, the resignation becomes effective after this period. However, the resigning member remains responsible for all their obligations to the association until their resignation becomes effective.

The Board of Directors must freeze resignations if the association's business deteriorates, its losses equal half of its share capital, or if the association is at the beginning stages of implementing a new project.



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Article (11): Loss of Membership

A member of the association loses their membership in one of the following cases: (a) Death (b) Expulsion (c) Resignation

Article (12): Return of Shares

If a member loses their membership due to expulsion or death, the value of their shares is returned to them or their heirs after adding any profits or deducting any losses. In the case of death, the heirs, or some of them, may replace the deceased member, or they may agree to have one of them replace the deceased, provided that the heir meets the membership requirements if they wish not to reclaim the value of the shares. The Board of Directors must ensure the recovery of the returned share receipts or certificates and mark them as canceled in the relevant records.

Article (13): Members' Responsibility

The member's responsibility in the association's rights and obligations is limited to the amount of shares they own.

Article (14): Prohibition on Seizing the Association's Assets

The association has no relation to the debts or obligations of its members in their personal capacity, and the association's movable or immovable assets cannot be seized to pay off members' debts and obligations, including the value of the member's contributions to the association.



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Article (15): Distinguishing Members from Non-Members

Although the association is primarily established to serve its members, it can deal with non-members or provide them with the same services offered to its members, provided the following conditions are met:

The service provided to non-members must be in the interest of the .1 association.

Members are always given preference and priority over non-members, .2 and members may be given special pricing advantages over non-members.

Transactions with non-members must be on a cash basis under all .3 circumstances.

Article (16): Founders' Privilege

Members of this association are equal in rights and obligations. However, the founding members who participated in the establishment of the association have the right of priority in receiving services over other contributors.

Article (17): Profit Entitlement for Members

A member who contributes to the association during the last three months of any financial year is not entitled to a share of the profits generated by the association in that year.

Article (18): Continuous Acceptance of Members

Membership in the association is always open to those who meet the membership requirements stipulated in Article (5) of these regulations. However, in exceptional cases, new contributions may not be accepted based on Article (22) of the Executive Regulations of the system.



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Article (19): Maximum Contribution

A single member cannot own more than 10% of the association's capital. This rule does not apply to the founders if the capital has not yet been determined. If it is found that a member owns more than this limit, they have the option to transfer the excess shares to others or redeem them. The share price is fixed and cannot be divided. However, a membership fee of 10% of the value of the shares subscribed by the member, with a minimum of 200 riyals, may be added. Issuance costs per share are determined by dividing the assets in the latest balance sheet by the number of shares recorded therein. These costs are added to the general reserve with a minimum of three times the nominal value of the share.

Article (20): Minimum Contribution

The minimum contribution to this association is 25 shares, with a total value of 25,000 riyals. A contributor is not considered a member of the association unless this amount is fully paid, and no profits or returns are entitled on contributions below this threshold. The amount paid is recorded toward the remaining value of the minimum contribution, and membership is counted from the date the full minimum contribution is paid.

Article (21): Transfer of Shares

A member can transfer some or all of their shares in the association to another member. This transfer is not valid unless approved by the Board of Directors and recorded in the association's registers. The new owner of the shares assumes all obligations of the previous owner toward the association. The Board of Directors should not accept the transfer if the transferring member is indebted to the association until all debts are settled. If the transfer is not possible and the member wishes to withdraw from the association, and the Board of Directors is convinced of the reasons for withdrawal, the withdrawing member may redeem the value of their shares, including any profits or losses incurred.



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Chapter Three: Financial Affairs

Article (22): Capital

The association's capital consists of:

- a. An unlimited number of shares, with each share valued at 7 riyals.
- b. Reserves.

Article (23): Financial Year

The financial year of the association is defined as twelve lunar months, starting on the first day of Muharram and ending on the last day of Dhu al-Hijjah each year. The first financial year of the association is an exception, starting from the date of the founding General Assembly meeting.

Article (24): Financial Statements

The Board of Directors must prepare the association's financial statements and final accounts immediately after the end of the financial year. These documents must be supervised by the auditor, who audits and discusses them with the Board, then approves and certifies them. The association is denied accounting assistance if its financial statements are delayed for more than six months after the end of the financial year, except in emergency cases approved by the Ministry.

Article (25): Budget Preparation

The association's financial statements and accounts must be prepared according to accounting principles and in accordance with the instructions issued by the Ministry.

Article (26): Presentation of Financial Statements to Members

The financial statements and final accounts must be presented to the Ministry after being signed by the Board of Directors and approved by the auditor, ensuring their accuracy before ratification. The financial statements and their attachments must be placed in the association's office for at least 15 days before being presented to the General Assembly, allowing each member to review them in preparation for discussion at the General



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Assembly. This must be announced in a visible location at or near the association's office.

Article (27): Statutory Reserve

The association's statutory reserve consists of 20% of the net surplus profits.

Article (28): General Reserve

When the statutory reserve reaches the value of the association's share capital, the percentage mentioned in the previous article can be transferred to the general reserve. The general reserve consists of donations, grants, initial assistance, and assistance for building the association's headquarters. The Board of Directors uses this reserve to achieve the association's objectives.

Article (29): Profits

The General Assembly manages the net surplus after covering any previous deficits from prior years as follows:

1. (20%) to the statutory reserve, in accordance with Article (28) of these regulations.
2. (20%) of the remaining amount is distributed as profit based on the contribution to the capital.
3. (10%) of the remaining amount is allocated for social services, prioritizing the deserving members of the association and their families.
4. Considering any rewards the General Assembly may decide for the Board of Directors members according to Article (14) of the system and Article (26) of the Executive Regulations, the remaining profits are allocated to the return on transactions. If transactions are not regulated, up to (50%) of the remaining amount is distributed to members in proportion to their shares, and the rest is added to the general reserve. This reserve can later be distributed based on the points of share seniority, where each year of seniority counts as one point, starting from when the share became owned by the member.



Chapter Four Administrative Affairs

Article (30) General Assembly

The General Assembly consists of all members who own at least the minimum contribution specified in Article (20) of these regulations.

Article (31) Supreme Authority of the Assembly:

The General Assembly is the supreme authority of the association, and its decisions are binding on all members, including absentees, dissenters, and those who oppose, and it may delegate some of its powers to the Board of Directors.

Article (32) General Assembly Meetings:

General Assembly meetings are:

1. **Regular**, held once a year within a period not exceeding one month from the approval of the budget and final accounts referred to in Article (26) of these regulations.
2. **Extraordinary**, held when necessary upon the request of the Board of Directors, auditors, or at least one-third of its members, subject to the approval of the ministry authorized to call an extraordinary meeting when deemed necessary under Article (25) of the system and Article (46) of the executive regulations.
3. **The invitation** to the General Assembly must be written and include the agenda, topics to be discussed, the location, date, and time of the meeting. Using media such as radio, television, newspaper advertisements, or public places is not sufficient for issuing the invitation; these methods are considered only as aids.



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Article (33): How to Invite the General Assembly:

The invitation to the General Assembly must be written and include the agenda, topics to be discussed, the location, date, and time of the meeting. Using media such as radio, television, newspaper advertisements, or public places is not sufficient for issuing the invitation; these methods are considered only as aids.

Article (34): Date of the Invitation

The invitation to the General Assembly meeting must be sent at least fifteen days before the meeting date. The appropriate time and place for the meeting should be chosen, and all necessary arrangements (such as transportation, etc.) should be made to ensure the attendance of the largest possible number of contributors.

Article (35): Quorum for the General Assembly:

A General Assembly meeting is considered validly convened with the presence of (25) members in accordance with the provisions of Article (22) of the system and Article (42) of the executive regulations.

Article (36): Decision Making:

Decisions at the General Assembly are made by a majority of the votes of those present. In case of a tie, the side favored by the chairman prevails, and voting is conducted by raising hands. Voting by secret ballot can be conducted if requested by three-quarters of those present.



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Article (37): Each member has one vote

Members must personally attend the General Assembly meeting, and each member has one vote regardless of the number of shares they own. A member may not delegate another member of the General Assembly to attend or vote, except under special circumstances, with the exception of women, legal entities, and individuals who do not reside in the association's service area. These individuals may delegate someone to represent them. The chairman of the session decides whether to consider these proxies, stating the reasons. However, delegation of non-members is not permissible, and a member may not delegate for more than one person.

Article (38): Incentives for attending the General Assembly

The General Assembly may, based on the board's proposal, impose penalties on any member who is absent from three consecutive General Assembly meetings without a legitimate excuse. The type of these penalties must be agreed upon with the ministry. Symbolic awards distributed by vote to attendees may also be allocated from the association's assets.

Article (39): Attendance registration

There must be a special register containing the names and membership numbers of those attending the General Assembly meeting, signed by the persons specified in Article (42) of these regulations, and authenticated by the ministry representative.

Article (40): Permission for non-shareholders to attend the meeting

Persons who are not shareholders of the association may be invited to attend General Assembly meetings without the right to participate in discussions and voting.



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Article (41): Presidency of the General Assembly

The president is elected from among the members at the beginning of each General Assembly meeting.

Article (42): Officials responsible for the meeting minutes

Two members who attended the meeting must be appointed to supervise the voting process, and a third person appointed to record the proceedings. These, along with the president, are the ones who sign the meeting minutes.

Article (43): Conduct of the meeting

At the appointed time for the meeting, the president confirms the attendance. If the quorum is met, the president announces the start of the meeting and opens the session. If the quorum is not met, some matters related to the association are discussed, such as explaining the regulations, members' duties and rights, procedures for auditing the accounts, and similar matters. If two hours pass from the scheduled meeting time without reaching quorum, the president announces the postponement of the session due to insufficient quorum and urges attendees to contact other shareholders to attend the second meeting, as stipulated in Article (35) of these regulations. Attendees are reminded of penalties for absenteeism from General Assembly meetings as per Article (38) of these regulations.

Article (44): Agenda of the General Assembly

The General Assembly may not discuss matters not listed on the agenda, which must include items specified in Article (24) of the regulations and Article (45) of the executive regulations of the system.



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Article (45): Board of Directors

The association is managed by a Board of Directors consisting of 7 members elected by the General Assembly, subject to approval by the ministry. The board shall consist of no fewer than five and no more than 13 members. The elected board members must hold an annual meeting immediately after the General Assembly session to elect a president, vice president, treasurer, and secretary of the board, all of whom must have at least moderate educational qualifications.

Article (46): Initial Board of Directors

The term of the initial Board of Directors is three years.

Article (47): Term of the Elected Board of Directors

The term of the elected Board of Directors from the General Assembly is four years, in accordance with Article (14) of the regulations. Upon the expiration of the board's term, it continues to exercise its functions and powers until the new board is elected at the nearest General Assembly meeting, with a maximum period of one year. If this is not feasible, the ministry has the right to appoint a temporary committee to manage the association until a new Board of Directors is elected.

Article (48): Remuneration of Board Members

Board members do not receive salaries for their work, but the Board of Directors may decide on compensations to cover expenses incurred by members during their service to the association. The General Assembly may also grant fixed bonuses to the Board of Directors or specific individuals from the board, in accordance with Article (29) of these regulations.



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Article (49): Membership Requirements for the Board of Directors

Candidates for membership on the Board of Directors must meet the following criteria:

- They must be familiar with Articles (85) of these regulations.
- They must be at least twenty-one years old.
- They must be capable of contributing to the management and oversight of the association's activities.

Article (50): Responsibilities of Board Members

The Board of Directors is responsible for the association, its rights, and obligations. Each member is personally liable if they exceed their powers, and their decisions are binding on the association in relation to third parties.

Article (51): Shares of Board Members

The General Assembly may specify a certain number of shares that some members of the Board of Directors must own, if it is deemed beneficial for the association. In such cases, these shares cannot be relinquished or sold during their term of office.

Article (52): Powers of the Board of Directors

The Board of Directors manages the affairs of the association in a manner that serves its interests within the cooperative purposes and objectives for which it was established, in accordance with Article (18) of the regulations and Article (31) of the executive regulations pertaining to this matter.



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Article (53): Responsibilities of Board Members

The Board of Directors must:

- Adhere to all provisions in these regulations and decisions of the General Assembly.
- Implement the ministry's instructions, which must be included in the agenda of subsequent meetings upon receipt. The board discusses and understands these instructions, and may express its opinion to the ministry regarding these instructions.
- Facilitate the work of ministry personnel, auditors, and any authorized government employees by providing them with all documents and information they request.
- Provide the ministry or its representative with a copy of its meeting minutes and decisions within a period not exceeding ten days from their approval by the board.

Article (54): Vacancy in a Board Member Position

The number of board members must not fall below the specified number in Article (45) of these regulations. If a position becomes vacant for any reason, the board member who received the most votes among the reserve members is called to fill the vacant position. If the vacant position is that of the president, vice president, secretary of the board, or treasurer, a replacement is elected from among the board members. If all reserve board members are called upon at once or intermittently to fill vacant positions and there still remain vacancies on the board, the remaining board members must notify the ministry. The ministry may either approve the continued operation of the board with the current number or call for a General Assembly meeting to elect members to fill the vacant position(s) and also elect reserve members.



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Article (55): Loss of Membership in the Board of Directors

A board member loses their membership in the board under one of the following circumstances:

- If they fail to meet any of the membership requirements stipulated in Article (49) of these regulations.
- If they lose their status as a shareholder in the association as per Article (11) of these regulations.
- If their term of office expires through voting and they are not re-elected by the General Assembly.
- If a decision is made to dismiss them from the board membership according to the provisions of Article (56) of these regulations.

Article (56): Dismissal from Membership in the Board of Directors

A board member may be dismissed from membership in the board under one of the following circumstances:

- If they are absent from attending three consecutive sessions without a legitimate excuse.
- If health reasons prevent them from carrying out their duties on the board.
- If they cause material or moral damage to the association through deliberate actions.
- If they resign from membership in the board.

The board of directors must inform the member in writing of their dismissal from the board membership, stating the reason. It should be noted that the dismissal does not take effect until it is approved by the General Assembly.

The member remains responsible from the date of notification until the General Assembly decides on their status as a shareholder in the association.

During this period, they are prohibited from exercising any rights they previously enjoyed before their dismissal.



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Article (57): Meetings of the Board of Directors

The Board of Directors meets whenever necessary, and in all cases, it must meet at least once a month.

Article (58): Venue of Board of Directors Meetings

Board of Directors meetings must be held at the association's headquarters, and in exceptional cases, they may be held elsewhere within its operational area.

Article (59): Invitation to Board Meetings

Invitations for the Board of Directors to convene are issued by the President, Vice President, or Secretary in agreement with the President. In exceptional circumstances, the board may be convened upon request from:

- The Ministry or its representative.
- Half of the number of board members.
- The auditor.

Article (60): Procedure for Inviting the Board to Meetings

Unless there is a fixed regular schedule for board meetings, the invitation must be sent at least two days before the meeting, accompanied by the agenda. In urgent cases, this period can be shortened as needed, and members may request meetings by telephone, email, or any other means.



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Article (61): Quorum of the Board

The quorum for the Board of Directors is achieved with the presence of a majority of members (7 out of 13). Decisions are made by a majority of votes of those present, and in case of a tie, the President's vote prevails. It is not permissible for any member to delegate their voting right to another member of the board. Members who oppose a decision must sign the meeting minutes, and they cannot refuse to sign once their opposition has been recorded in the minutes.

Article (62): Association Records

Board members must be capable of understanding, comprehending, and applying the necessary records and forms for managing its accounts and administrative tasks, fully aware of their value and service to the association. These records and forms include:

1. Founding contract.
2. Registration request.
3. Membership application.
4. Registration certificate.
5. Members register.
6. Board of Directors meeting minutes.
7. Members' accounts record.
8. General budget.
9. Budget clearance card.
10. Inventory lists.
11. General journal.
12. Income and expense accounts.
13. Operating accounts.
14. Trading accounts.
15. Receipt voucher.
16. Payment voucher.
17. Entry voucher.
18. Stock certificate.
19. Audit balance sheet.



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Article (63): Attendance of Non-Board Members at Meetings

The Board of Directors may allow non-members, whether shareholders of the association or others, to attend its sessions. This is necessary for reserve members, but non-members do not have the right to participate in discussions or voting.

Article (64): Delegation of Powers

The Board of Directors may delegate some of its powers to one of its members, or grant specific delegation to certain association shareholders who are not board members, or to other individuals, for specific purposes and for limited durations. However, delegation does not include signing checks, documents, contracts, transactions, or budgets.

Article (65): Powers of the Board President

The President of the Board of Directors has the following powers:

- Chairs board meetings and has a deciding vote in case of a tie.
- Represents the association before relevant authorities, whether the association is plaintiff, defendant, or intervenor in a case.
- Signs on behalf of the association all correspondence, resolutions, contracts, and other documents issued by the association.
- Directs, in his capacity as president, all correspondence intended for the association, receives it, acts within his powers, and presents the rest to the Board of Directors.



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Article (66): Powers of the Vice President

The Vice President of the Board of Directors substitutes for the President in case of the latter's absence and enjoys the President's powers unless the President has delegated some or all of his powers to another board member.

Article (67): Duties of the Board Secretary

The Board of Directors must have a secretary from among its members, responsible for the secretarial duties as stipulated in Article (45) of these regulations. The secretary usually performs the following tasks:

1. Receives all correspondence addressed to the association, records, categorizes, and presents it to the President of the Board of Directors.
2. Maintains the association's transactions, records, arranges them, and records whenever necessary.
3. Participates in preparing reports, letters, and all correspondence issued by the association.
4. Prepares for meetings of the Board of Directors and general assemblies.
5. Records the minutes of meetings, presents them for signature by members, makes copies of them, signs these copies, and verifies them against the original.
6. Notifies relevant authorities of decisions made by the Board of Directors.
7. Keeps all documents, records, contracts, checkbooks, association seals, and similar items under his personal responsibility.



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Article (68) Duties of the Manager

Every association must appoint a manager, and the Board of Directors issues a decision for their appointment. The decision must specify their authorities, responsibilities, and salary as required for those appointed as managers of the association:

- Must be of Saudi nationality.
- Must have attained the age of twenty-one.
- Must possess academic qualifications suitable for the tasks assigned to them.
- Must have full legal capacity and not be under a legal or administrative judgment indicating dishonesty or misconduct.
- Cannot be a government employee, especially in entities directly overseeing cooperative associations. In emergencies and with ministry approval, an employee may be seconded or loaned to serve as the association's manager, remaining under the responsibility of their employing entity throughout their tenure at the association.
- If the association cannot appoint a full-time manager for any reason, as specified above, the Board of Directors must appoint one of its members to assume this role. In such cases, the appointed member retains voting rights on board decisions.

Article (69): Responsibilities of the Association's Manager

The manager of the association shall be personally accountable according to the provisions of these regulations before the Board of Directors and shall receive instructions from the chairman of the Board of Directors or whoever has the authority to sign on their behalf. Their powers and responsibilities shall be defined in the following matters:

Directs the affairs of the association in a manner that serves its interests, in accordance with God-consciousness, and preserves the



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movable and immovable funds under their disposal, ensuring non-negligence thereof.

- Must adhere to the authorities specified by the Board of Directors and not exceed them under any circumstances.
- Manages and organizes the affairs of the association's employees, proposes their promotions, dismissals, bonuses, and leaves, if not within the granted authority to act on such matters.
- Safeguards the reputation of the association, works to earn the trust of its members, and practices honesty, fairness, and justice in their dealings.
- In compliance with Article (52) of these regulations, the manager is prohibited from involving the association in unclear or ambiguous transactions, granting rights to third parties on behalf of the association, delaying such matters, or being negligent in the association's rights before others.
- Signs all documents and transactions within their jurisdiction, ensuring that expenditures from the association's funds are made only with the necessary supporting documents.
- May not retain any sums belonging to the association in their personal possession or bank accounts, regardless of the amount.
- May not lend to others or advance cash to anyone from the association's funds, nor may they sign commitments or guarantees on behalf of the association that impose liability upon it. If any such action occurs, the association is not bound by it.
- Must not transfer cash belonging to the association from one country to another but must deposit it in the bank where the association conducts its transactions or hand it over to the association's treasurer, obtaining the necessary receipts for the expenditures intended.

The Board of Directors may, whenever necessary, assign the manager of the association with some responsibilities and authorities of the chairman of the association.



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- Attends meetings of the Board of Directors whenever requested to do so unless one of the Board members makes their attendance mandatory, and provides periodic reports on the progress of the association's operations for discussion with the Board.
- Performs any other duties assigned by the Board of Directors.

Article (70): Treasurer

The Board of Directors shall elect one of its members as the treasurer of the association, responsible for safeguarding the association's funds in a secure manner and disbursing them in ways approved by the Board of Directors. They shall also be authorized to sign financial withdrawals when the association's funds are deposited in a bank, as determined by the Board. The treasurer must ensure the accuracy of the recorded entries regularly and provide substantial financial guarantees when requested by the Board. Additionally, they co-sign with the accountant and the secretary of the association or their authorized representatives on expenditure orders, and retain receipts and financial documents of value. The treasurer is responsible for collecting funds with receipts stamped with the association's seal and their signature, and is accountable for them.

Article (71): Accountant

The Board of Directors appoints an accountant for the association, paying them a salary or bonus, and assigning responsibilities including:

1. Maintaining the books and accounting documents required by the nature of the work, particularly the general ledger, and ensuring accurate registration according to double-entry accounting principles, using supporting documents whenever necessary.
2. Maintaining the register of members' shares, detailing each member's share numbers and any changes due to consumption, cancellation, or transfer.



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3. Maintaining the members' accounts register, documenting amounts received from or owed by members due to their transactions with the association, including payments for their supplied products.
4. Compiling a review balance sheet for the association's accounts and treasury at least every three months or as requested.
5. Preparing the association's accounts and finalizing its financial statements at the end of the association's fiscal year, presenting them to the auditor for verification, and preparing the general budget and approving the final accounts.
6. Ensuring all association books, records, documents, and seals are kept in the association's office.

Article (72): Termination of the Association Manager's Service

The service of the association manager may not be terminated except by a decision of the Board of Directors. The chairman of the Board of Directors may abstain from work and the Board of Directors shall undertake his trial for any errors committed.

Article (73): Monitoring Committee

The general assembly may elect a monitoring committee whose membership term begins from the general assembly meeting in which they are elected until the subsequent general assembly meeting. They may be re-elected, and the conditions of their membership and loss of membership apply similarly to the Board of Directors.

The members of the monitoring committee shall elect a chairman from among themselves, and their decisions shall require the agreement of at least two members, even if the chairman opposes. The committee shall maintain a special register to record their decisions and observations. The powers and responsibilities of the monitoring committee shall be

determined as follows:

- The committee shall meet once every three months.



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- It shall supervise the association's activities in collaboration with the Board of Directors and submit written proposals and opinions to the Board of Directors, which are not binding but require the Board's feedback if not accepted.
- When convened, it has the right to access all records, books, documents, minutes, reports, decisions, budgets, contracts, instructions, and all matters related to the association, provided that such access does not obstruct or hinder the association's operations and serves a beneficial purpose.

The monitoring committee shall prepare an annual report on its activities to present to the general assembly, and a copy must be sent to the Board of Directors at least three days before the general assembly meeting.

Article (74): Subcommittees

Subcommittees may be formed from the Board of Directors to assist in managing the association's affairs, such as:

- Procurement and Sales Committee:** This committee oversees directly what the association intends to purchase, determines the best quality items, selects the best prices, and then sets the selling prices at the association, ensuring that the profit margin is modest yet sufficient to cover expenses.
- Inventory Committee:** This committee oversees directly the inventory of the association's warehouses whenever necessary.
- Cultural Committee:** This committee oversees follow-up classes, literacy programs, kindergartens, and similar activities if present in the association.

Each committee must have at least two members, and a member may participate in more than one committee. These committees may seek assistance from individuals who are not members of the Board of Directors or shareholders of the association.



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Chapter Five

Article (75): Merger of the Association with Another

The association may merge with another association, whether they share similar or different goals and purposes. This requires the approval of the general assemblies of both associations and must be in the best interest of the shareholders of both associations. The merger must also be approved by the ministry from the outset. Upon completion of the merger, the new association formed from the combined membership of both associations gains legal personality. It assumes all commitments and obligations of the merging associations prior to the merger. A general assembly consisting of members from both associations convenes to elect the board of directors and establish a business plan for the merged association. All officials of the merging associations are automatically relieved of their positions upon registration and declaration of the new association. The decisions made by the general assemblies of the merging associations prior to the merger remain valid.

Article (76): Dissolution and Liquidation of the Association

The ministry has the right to dissolve the association and liquidate its affairs in accordance with Articles (37) to (40) of the Cooperative Societies Law and Article (53) of its executive regulations.

Article (77): Appeal Against Liquidation

The decision to dissolve the association and liquidate its affairs, along with the names of the liquidators and the liquidation account, must be published in two local newspapers. Members of the association have the right to appeal against the liquidation account to the ministry within thirty days from the date of publication.

Article (78): Member Rights After Liquidation

Upon distribution of the liquidation proceeds, Article (40) of the law and Article (13) of these regulations apply. The distribution shall not exceed the actual amount paid by the members for their shares plus any realized profits. The remaining amount shall be deposited in a bank to establish a new



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cooperative association or transferred, by ministerial decision, to a cooperative association engaging in similar activities or any related activity.

Chapter Six

General Provisions

Article (79): Prohibition of Dealing on Credit

The association must not engage in credit transactions, whether receiving or granting credit. If such transactions are deemed necessary, the board of directors must establish controls and limits that restrict credit transactions. They may also take guarantees or personal and official commitments to ensure repayment.

Article (80): Necessity of Official Documents

The association must have an official seal that includes its name as registered, its registration number, and the locality where it was established, as specified in the registration certificate. Additionally, all its correspondence must be on printed paper that includes its complete address and all details that reflect its identity.

Deputy Minister of Social Development



Sulaiman bin Abdulaziz Al-Zubin

The official seal

