



Republic of the Philippines
OFFICE OF THE PRESIDENT
Department of Finance
COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2011-04

Series of 2011

TO : ALL CONCERNED

SUBJECT : LEGAL INTERPRETATION OF ARTICLE 42 OF the PHILIPPINE
COOPERATIVE CODE OF 2008 (REPUBLIC ACT NO. 9520)

DATE : FEBRUARY 22, 2011

Article 42 of the Philippine Cooperative Code of 2008 provides:

*"Article 42. Officers of the Cooperative. The board of directors shall elect among themselves the chairperson and vice-chairperson, and elect or appoint other officers of the cooperative from outside of the board in accordance with their by-laws. All officers shall serve during good behavior and shall not be removed except for cause after due hearing. Loss of confidence shall not be a valid ground for removal unless evidenced by acts or omission causing loss of confidence in the honesty and integrity of such officer. **No two (2) or more persons with relationship up to the third civil degree of consanguinity or affinity nor shall any person engaged in a business similar to that of the cooperative nor who in any other manner has interests in conflict with the cooperative shall serve as an appointive officer.**"*

A. Officers of the Cooperative as provided under Art. 5 (11) of RA 9520:

- (1) Members of the Board of the Directors;
- (2) Members of the different committee created by the general assembly;
- (3) General Manager or the Chief Executive Officer;
- (4) Secretary;
- (5) Treasurer ; and
- (6) Members holding other positions as may be provided for the by-laws of the cooperative.

B. Officers elected by the General Assembly:

- (1) Members of the Board of Directors; and
- (2) Members of the Audit and Election Committee.

C. Officers appointed by the Board of Directors:

- (1) Treasurer;
- (2) Secretary;
- (3) Members of the Mediation and Conciliation Committee;
- (4) Members of the Ethics Committee;
- (5) Members of Other Committees unless otherwise provided in the by-laws; and
- (6) Members of the Board of Directors appointed by the remaining directors for vacancy other than expiration of term (Article 41 of RA 9520)

Under Article 42, there is no prohibition for elected officers with relationship up to the third civil degree of consanguinity or affinity to hold the aforesaid elected positions in the same cooperative provided they have been elected by the General Assembly. These are the officers referred to in paragraph B hereof.

The prohibition applies to the officers referred to in paragraph C hereof. There shall be no two (2) persons or more with relationship up to the third civil degree of consanguinity or affinity to hold any of the above-mentioned appointed positions in the same cooperative. However, an elected officer can have one (1) appointed relative within the third civil degree of consanguinity or affinity provided that under no circumstance shall there be relationship up to the third civil degree of consanguinity or affinity among the appointed officers.

With respect to husband and wife since they are considered as "*one person with the same interest*" (Report of the Commission of the Family Code, page 25), the prohibition on appointive officers shall apply to them likewise.

For reference, hereunder are the degrees of relationship covered by said prohibition:

1. Relationship by Consanguinity

- | | |
|---------------|--|
| First Degree | - Parent to Child |
| Second Degree | - Grandparent to Grandchild, Brother to Sister |

Third Degree - Uncle to Child, Aunt to Child, Great-Grandparent to Great Grandchild

2. Relationship by Affinity

1. First Degree - Parent-in-Law to Daughter/Son-in-law
2. Second Degree - Brother-in-Law to Sister-in-Law
3. Third Degree - Great-Grandparent-in-law to Great Granddaughter/Great Grandson-in-Law, Uncle/Aunt in-law to Niece/Nephew in-law.

For information and guidance.

APPROVED on Feb. 22, 2011 per BOA Resolution No. 32 S-2011

The Board of Administrators

By:


EMMANUEL M. SANTIAGUEL, Ph.D
Chairman