



Republic of the Philippines
OFFICE OF THE PRESIDENT
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COOPERATIVE DEVELOPMENT AUTHORITY
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MEMORANDUM CIRCULAR NO. 2011-05
Series of 2011

FOR : ALL CONCERNED
SUBJECT : LIMITATION ON SHARE CAPITAL HOLDINGS
DATE : FEBRUARY 15, 2011

Article 14 of RA 9520 provides that *"No cooperatives, other than a cooperative union xxx shall be registered unless accompanied with the xxx xxx and a sworn statement of the treasurer elected by the subscribers showing that at least twenty-five per centum (25% of the authorized share capital has been subscribed and at least twenty-five per centum (25%) of the total subscription has been paid"*.

Article 73 of RA 9520 further provides that *"No member of a primary cooperative other than a cooperative itself shall own or hold more than ten percent (10%) of the share capital of the cooperative."*

The Twenty-Five percent (25%) Rule shall mean that at least Twenty Five percent (25%) of the Authorized Share Capital shall be subscribed, and at least Twenty Five percent (25%) of the Subscribed Share Capital shall be paid up by the members. This requirement shall apply to common share capital only.

No member in a primary cooperative shall own more than ten percent (10%) of the total subscribed share capital of the aforesaid cooperative.

Should preferred share capital be provided in their by-laws, it shall not exceed twenty-five percent (25%) of the total authorized share capital of the cooperative.

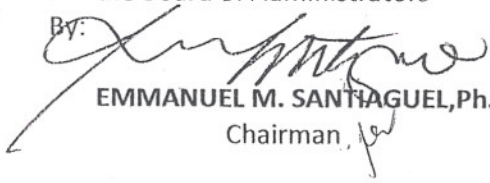
Finally, for both the common and preferred share capital, no fractional shares shall be issued.

For guidance and information.

APPROVED on 02/22/11 per BOA Resolution No. 31 M-2011.

For the Board of Administrators

By:


EMMANUEL M. SANTIAGUEL, Ph.D.

Chairman