



Republic of the Philippines
OFFICE OF THE PRESIDENT

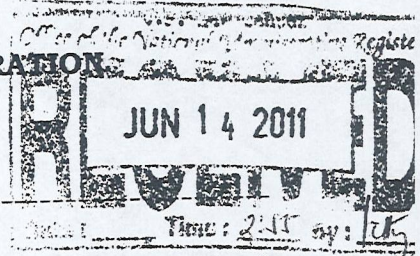
Department of Finance
COOPERATIVE DEVELOPMENT AUTHORITY

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Memorandum Circular No. 2011-15
Series of 2011

SUBJECT : REVISED GUIDELINE FOR THE REGISTRATION
OF PRIMARY COOPERATIVES

DATE : May 6, 2011



Pursuant to the powers vested by Republic Act No. 6939 and RA 9520, the Cooperative Development Authority (CDA) hereby promulgates the following revised guideline for the registration of primary cooperatives.

Section 1. **Title.** This guideline shall be known as the "*Revised Guideline for the Registration of Primary Cooperatives*".

Section 2. **Policy.** It is the declared policy of the State to foster the creation and growth of cooperatives as practical vehicles for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice.

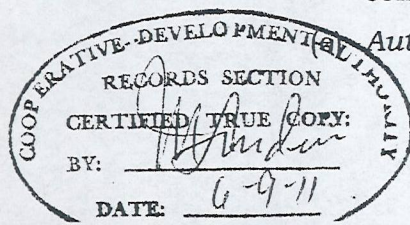
Section 3. **Purpose.** This guideline is issued for the orderly registration of proposed primary cooperative in compliance with the requirements as provided under RA 9520, Implementing Rules and Regulations, and relevant administrative issuances by CDA.

Section 4. **Coverage.** This guideline shall cover all primary cooperatives except those covered by Chapters XII, XIII, and XVI & XVII of R.A. 9520.

Section 5. **Definition of Terms.** As used in this guideline, the following terms shall be defined as:

- (a) *Advocacy Cooperative* – is a primary cooperative which promotes and advocates cooperativism among its members and the public through socially-oriented projects, education and training, research and communication, and other similar activities to reach out to its intended beneficiaries.
- (b) *Agrarian Reform Cooperative* – is one organized by marginal farmers majority of which are agrarian reform beneficiaries for the purpose of developing an appropriate system of land tenure, land development, land consolidation or land management in areas covered by agrarian reform.
- (c) *Area of Business Operation* – shall refer to the principal place of business of cooperative where the cooperative conducts its business as provided for in their articles of cooperation and by-laws.
- (d) *Area of Operation* – shall refer to the area where the cooperative members come from as provided for in their articles of cooperation and by-laws.

Authority - refers to the Cooperative Development Authority.



- (f) *Bond of Membership* - shall refer to the condition where members associate themselves to attain their common goals and objectives which may either be residential, occupational, associational, and institutional.
- (g) *Business Transaction* - refers to any business activity or livelihood engaged in by the cooperative where such cooperative generates savings.
- (h) *Cooperative* - is an autonomous and duly registered association of persons, with a common of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.
- (i) *Consumers Cooperative* - is one the primary purpose of which is to procure and distribute commodities to members and non-members.
- (j) *Credit Cooperative* - shall refer to one that promotes and undertakes savings and lending services among its members. It generates a common pool of funds in order to provide financial assistance and other realted financial services to its members for productive and provident purposes.
- (k) *Dairy Cooperative* - is one whose members are engaged in the production of fresh milk which maybe processed and/or marketed as dairy products.
- (l) *Education Cooperative* - is one organized for the primary purpose of owning and operating licensed educational institutions, notwithstanding the provisions of Republic Act No. 9155, otherwise known as the Governance of Basic Education Act of 2001.
- (m) *Fishermen Cooperative* - is one organized by marginalized fishermen in localities whose products are marketed either fresh or processed products.
- (n) *Health Services Cooperative* - is one organized for the primary purpose of providing medical, dental, and other health services.
- (o) *Housing Cooperative* - is one organized to assist or provide access to housing for the benefit of its regular members who actively participate in the savings program for housing. It is co-owned and controlled by its members.
- (p) *Marketing Cooperative* - is one which engages in the supply of production inputs to members and markets their products.
- (q) *Multipurpose Cooperative* - is one which combines two (2) or more of the business activities of these different types of cooperatives.
- (r) *Primary Cooperative* - is a cooperative the members of which are natural persons except electric cooperative, water service cooperative and other cooperatives which the implementing rules and regulations of RA9520 or the Authority may allow.
- (s) *Producers Cooperative* - is one that undertakes joint production whether agricultural or industrial. It is formed and operated by its members to undertake the production and processing of raw materials or goods produced by its members into finished or processed products for sale by

the cooperative to its members and non-members. Any end product or its derivative arising from the raw materials produced by its members sold in the name and for the account of the cooperative shall be deemed a product of the cooperative and its members.

- (t) *Registration* - is the operative act of the Authority granting judicial personality to a proposed cooperative and is evidenced by the Certificate of Registration.
- (u) *Share* - Refers to a unit of capital in primary cooperative the par value of which is fixed at any figure not more than One Thousand Pesos (P1,000.00) and should be divisible by one peso may be divided into common share capital and preferred share capital.
- (v) *Share Capital* - shall refer to the money paid or required to be paid by the members for the conduct of the operation of the cooperative.
- (w) *Service Cooperative* - is one which engages in medical and dental care, hospitalization, transportation, insurance, housing, labor, electric light and power, communication, professional, and other services.
- (x) *Transport Cooperative* - is one which includes land and sea transportation, limited to small vessels as defined or classified under the Philippine Maritime Laws, organized under the provisions of this Code.
- (y) *Water Service Cooperative* - is one organized to own, operate and manage water systems for the provision and distribution of potable water for its members and their households.
- (z) *Workers Cooperative* - is one organized by workers, including the self-employed, who are at the same time members and owners of the enterprise. Its principal purpose is to provide employment and business opportunities to its members and manage it in accordance with cooperative principles.

Section 6. **Jurisdiction** - applications for registration of primary cooperative shall be filed with the CDA Extension Office (EO) having jurisdiction over the principal office of the applicant.

Section 7. **Number of members required for Registration.** Fifteen (15) or more natural persons who are Filipino citizens, having a common bond of interest and are residing or working in the intended area of operations are required for registration.

Section 8. **Capital Requirements.** (a) All primary cooperatives shall be organized with share capital. The authorized share capital of a cooperative shall be provided for in its Articles of Cooperation. At least twenty five percent (25%) of the authorized share capital shall be subscribed by the members and at least twenty five percent (25%) of the subscribed share capital shall be paid by the members prior to registration.

(b) The paid up capitalization requirement for primary cooperatives shall not be less than Fifteen Thousand Pesos (P15,000.00) except for multipurpose

cooperative which should have at least One Hundred Thousand (P100,000.00) or as required by the feasibility study whichever is higher.

(c) In the case of Transport Cooperatives, capital requirements shall be in accordance with Rule V Section 5 of IRR, RA9520.

Section 9. Cooperative Name and Prohibition. (a) The word "Cooperative" "Kooperatiba" or "Cooperativa" shall be included in the name of the cooperative, which name shall likewise specify the type of cooperative in accordance with Article 23 of RA 9520.

(b) No cooperative name shall be allowed by the Authority if the proposed name is *identical* or *deceptively* or *confusingly similar* to that of any existing cooperative, contrary to public policy, moral and existing laws.

The use of the words "development" and "integrated" in the cooperative name shall be discouraged.

The use of "Incorporated", "corporation", "company", "incorporation", partnership, or other similar connotation and abbreviation shall not be allowed. In addition, the use of the word "federation" and "union" in the name of the proposed primary cooperative is likewise prohibited except if it is part of the registered name of association or institution where the members of the proposed cooperative come from.

Section 10. Registration Requirements. The following documents shall be submitted to the Authority in Four (4) copies except for item (1) below:

1. Cooperative Name Reservation Notice (CNRN); (1 copy only)
2. Economic Survey;
3. Articles of Cooperation and the approved By-laws;
 - 3.1 All original;
 - 3.2 The Articles of Cooperation shall be signed by all the cooperators on each and every page; and
 - 3.3 The By-Laws shall be signed all the members on the adoption page.
4. Treasurer's Affidavit;
5. Surety Bonds of accountable officers;
6. Certificate of Pre-Membership Seminar (PMES) signed by the cooperative Interim Chairman, as validated by the Authority;
7. Undertaking to change name;
8. Undertaking to comply with the auditing and accounting standards prescribed by the Authority
9. Undertaking to comply with other requirements prescribed by the other regulatory agency, when applicable;
10. Favorable endorsement/written verification/authority/pre-feasibility study, if applicable; and

11. Registration fee.

12. Other Specific Requirements for each type of cooperative:

12.1. Multi-Purpose Cooperative

- a) Detailed feasibility study
- b) Undertaking to maintain separate books of accounts for each business activity

12.2. Agrarian Reform Beneficiaries Cooperative

- a) Mother CLOA in case of plantation based ARBs;
- b) Written verification from Department of Agrarian Reform (DAR) to the effect that the cooperative organization is needed and desired by the beneficiaries, economically viable, at least majority of the members are agrarian reform beneficiaries.

12.3. Housing Cooperatives

- a) Copy of the Pre-Feasibility Study of the housing projects undertaking certified as reviewed by National Housing Authority (NHA).

12.4. Transport Cooperatives

- a) Certification of Cooperative Education and Transport Operation Seminar (CETOS) by Office of Transport Cooperatives (OTC)

12.5. Water Service Cooperative

- a) Proof of Land ownership
- b) Well Drilling Data

Section 11. **Submission of Documents.** The documents required for registration shall be printed in an 8.5" x 13" or 8.5" x 14" and may be written in English or in Filipino or other local dialect with appropriate English translation. As far as practicable, the text should use *bookman old style 12*. In case of confusion in the interpretation of the provisions, the English translation shall prevail.

Section 12. **Common and Preferred Share.** (a) The share capital of a cooperative may consist of common share capital and preferred share capital if the latter is provided for under the cooperatives' articles of cooperation and by laws. Should the cooperative wish to have common and preferred shares, statements to that effect should appear in the Articles of Cooperation specifying the amount of shares to be offered for common shares and for preferred share. However, it is recommended that only the common share be offered.

(b) Should preferred share capital be offered, the rights and privileges of holders of preferred shares shall be provided for in the By-laws of the cooperative.

(c) Preferred share capital shall not exceed Twenty Five (25%) percent or one-fourth (1/4) of the total authorized share capital of the cooperative.

(d) The paid up and subscription of the common share capital contribution should strictly adhere to the twenty-five percent (25%) requirement based on the authorized capital share.

(e) No member shall own more than Ten (10%) percent of the subscribed share capital of the cooperative.

Section 13. **Bond of Membership.** The bond of membership is categorized into four (4). Only one common bond or field of membership will be adopted by the cooperative. The categories are the following:

(a) *Residential* - members working and/or actually and physically residing in the same place.

(b) *Institutional* - members consist of employees, workers and/or officers of a particular institution.

(c) *Associational* - members come from a registered and/or recognized association, group, club, fraternity, religious group, cultural and other similar aggrupation.

Recognized association means legitimate aggrupation of persons which is validated to be publicly known in a particular community and is able to present certification from applicable government entity or substantial proof of visible activity in the community; and

(d) *Occupational* - members come from same or allied profession or actual occupation.

Section 14. **Dual Membership.** A prospective cooperative may include in its by-laws a provision not allowing members of existing cooperatives of the same type within the same area of operation to be a member of the proposed cooperative unless they resign from the former.

Section 15. **Bonding Requirements of Accountable Officers / Employees of the Cooperative.** In order to meet any contingency that may arise in the operations of the cooperative accountable officers/employees of cooperatives shall submit a **surety** bond for the faithful performance of their functions in accordance with Articles 14(5) and (56) of the Code and in accordance with the following sub-sections:

(a) The following persons shall be bonded:

- (1) Chairperson
- (2) Treasurer and Cashier;
- (2) Manager;
- (3) Warehouseman;
- (4) Loan/deposit Collectors;
- (5) Signatories of checks and other financial instruments; and

(6) Such other persons as may be authorized by the cooperative to act as a custodian of funds merchandise, inventories, securities and other assets of the cooperative.

(b) The board of directors shall determine the adequacy of such bonds. For this purpose, the Board of Directors shall be guided based on the initial networth of the cooperative which shall include the paid-up capital, the membership fees and the other assets of the cooperative at the time of registration.

Section 16. Required Period for Approval of Registration.

(a) An application for registration shall be finally disposed by the Authority within the period of Sixty (60) days from the filing of complete documentary requirements. Otherwise, the application is deemed approved unless the cause of the delay is attributable to the applicant.

(b) In the case of denial by the Authority, appeal of such denial may be sent to the Office of the President within ninety (90) days from receipt of the notice of denial.

(c) The failure of the Office of the President to act on the appeal within ninety (90) days from the filing thereof shall mean the approval of said application.

SECTION 17. Repeal. All previous circulars and/or guidelines issued by the Authority which are inconsistent with this guideline are hereby repealed or modified accordingly.

Section 18. Effectivity. This guideline shall take effect upon the approval of the Board of Administrators and fifteen (15) days after filing with the Office of National Administrative Registry (ONAR).

Section 19. Automatic Review – this guideline shall be subject to automatic review three years from effectivity thereof.

Section 20. Separability Clause. If any provision of this guideline is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

Approved by the Board of Administrators pursuant to Res. No. 129, S-2011 dated May 6, 2011.

For the Board of Administrators:

By:



EMMANUEL M. SANTIAGUEL, PhD.

Chairman