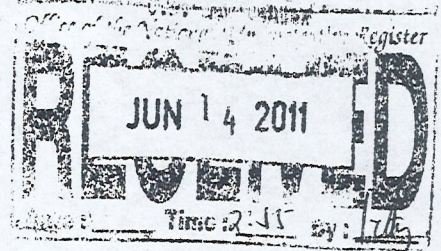




Republic of the Philippines
OFFICE OF THE PRESIDENT
Department of Finance
COOPERATIVE DEVELOPMENT AUTHORITY

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Memorandum Circular No. 2011-16
Series of 2011

TO : All CONCERNED

SUBJECT : REVISED GUIDELINE GOVERNING THE ISSUANCE
OF CERTIFICATE OF GOOD STANDING (CGS)

DATE : May 6, 2011

Pursuant to the provisions of RAs 6939 and 9520, the Authority hereby promulgates the following guidelines to govern the issuance of Certificate of Good Standing to cooperatives:

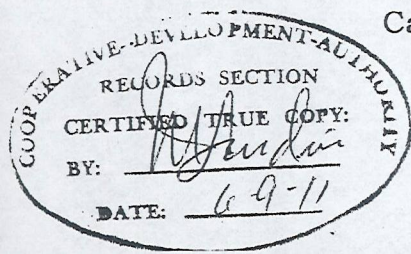
Section 1. Title – This Guideline shall be known as the “*Revised Guideline Governing the Issuance of Certificate of Good Standing*” (CGS).

Section 2. Policy and Objective – Pursuant to the State policy of providing incentives to registered cooperatives under Republic Act No. 9520, also known as the Philippine Cooperative Code of 2008 and other laws and issuances, the Authority aims to:

- a. Set the requirements as provided for in the Cooperative Code of the Philippines of 2008 (RA9520) and the Charter of the Cooperative Development Authority (RA 6939);
- b. Establish the administrative responsibilities of the concerned office/unit within the Authority to ensure the proper implementation of this Guidelines; and
- c. Establish standards for the availment of incentives and privileges accorded to cooperatives by other institutions.

Section 3. Definition of Terms – For purposes of this Memorandum Circular, the following terms shall mean as:

- a) **Accountable Officers** – shall refer to persons directly responsible for handling funds, securities and properties of the cooperative such as, but not limited to the Chairman, Manager, Treasurer, Cashier, Secretary and such other persons as may be authorized



- by the cooperative to act as custodian of funds, merchandise, inventories, securities and other assets of the cooperative.
- b) *Authority* – refers to the Cooperative Development Authority;
 - c) *Business Operation* – refers to the economic undertaking of providing product and services to members in accord with the cooperative registered objectives.
 - d) *Certificate of Good Standing (CGS)* – is a certificate issued by the Authority to the operating cooperatives that have complied with the mandatory requirements as provided in RA 9520, IRR and other administrative issuances which entitle cooperatives to avail incentives and privileges accorded to them.
 - e) *Cooperative Activities* – refers to the membership, governance and institutional undertaking of the cooperatives.
 - f) *Legitimate Purposes* – refers to any purpose that is not contrary to law, moral, public policy.
 - g) *Operating Cooperative* – refers to cooperative that has been performing cooperative activities with business operations whether realizing gains or losses in the conduct of business. The business operation requirement can be waived only to the newly registered cooperatives existing for not more than one (1) year from the date of its registration.
 - h) *Preceding Fiscal Year* – shall refer to the fiscal year immediately preceding the date of regular CGS issuance;
 - i) *Statutory Reports* – shall refer to the mandatory reports as prescribed under Section 2 Rule 8 in relation to Article 53 of RA 9520 and Section 3 (f) of RA 6939.

Section 4. **Purposes of Issuing CGS**

- a. **Regular Purpose**– When the application for CGS is for the purpose of complying with the mandatory requirements as required by RA 9520 and to avail the incentives and privileges under the CDA-BIR Joint Rules and Regulations Implementing Articles 60 & 61 of RA 9520 in relation to RA 8424 and the requirements of Local Government Units (LGUs) permits and licenses.

- b. **Special Purpose**- When the application for CGS is for other legitimate purposes, such as but not limited to application for financial assistance from other financial institutions, importation of machineries, equipment, and spare parts, or rice importation program or accreditation as training provider regardless of type and category.

Section 5. **Cooperatives Qualified to Avail** – A CGS may only be issued to **operating cooperative**. In case of importation purposes, application shall be subject to further evaluation by the Authority to determine the capability of the cooperative to avail the privileges granted to cooperatives.

Section 6. **Requirements** – The following requirements shall be complied with by the requesting cooperative before the CGS is issued by the Authority:

6.1 **CGS for Regular Purpose**

- a) Letter request duly signed by the Cooperative Chairman or any authorized representative of the requesting cooperative stating therein the reasons for such request;
- b) Proof of compliance to statutory reports for the preceding fiscal year or complete copies thereof;
- c) Copy of the updated bond of accountable officers/employees of the Cooperative;
- d) Minutes of the General Assembly Meeting for the current/preceding year including the results of the election of the Board of Directors and the Committee Members, approval of development plan and/or annual plan and budget, and acceptance of General Assembly of financial statements, management and committee reports.

In the case of newly registered cooperative, minutes of the special general assembly held within ninety (90) days after the date of registration;

- e) Certification Fee

6.2 **CGS for Special Purpose**

- a. Letter request duly signed by the Cooperative Chairman or any authorized representative of the requesting cooperative stating therein the purpose for such request;
- b. Copy of latest Certificate of Good Standing issued for regular purpose for the preceding year or current year, whichever is applicable.
- c. Favorable endorsement from the concerned Extension Office.
- d. Certification Fee

Section 7. **Certificate of Good Standing (CGS) for Newly Registered Cooperatives** - The newly-registered cooperative shall be exempt from the compliance with requirements 6.1 (b to d) above, if it secures the CGS within ninety (90) days from the date of its registration with the Authority. HOWEVER, if the cooperative secure CGS after ninety (90) days but not to exceed one year from the date of its registration with the Authority, the said newly-registered cooperative shall only be exempt from the compliance with requirements 6.1 (b & d(par 1)) above.

Section 8. **Ground for Non Issuance of Certificate of Good Standing (CGS)** – Notwithstanding with the provisions of this guideline, any of the following conditions shall warrant the non issuance of the CGS:

- a. Non-submission of statutory reports for two (2) or more consecutive years;
- b. Delayed in the submission of the statutory reports for more than six (6) months for at least two consecutive years;
- c. Non compliance with CDA guidelines (violation of laws, guidelines, circulars and their by-laws)
- d. The existence of the question on legitimacy of leadership.

Section 9. **Signing Authority and Jurisdiction** – the approving authority and jurisdiction in the issuance of CGS shall be as follows:

APPROVING AUTHORITY	JURISDICTION
Extension Office Director	Application for CGS by cooperatives both for regular and special purposes except those purposes enumerated below whose approval is reserved to the Executive Director and/or Chairperson of the Authority.

Executive Director	Application for CGS by tertiary cooperatives, Cooperative Banks and Insurance Cooperatives or within the jurisdiction of Central Office for the regular purpose.
Chairperson	<p>Application for Special CGS</p> <p>a. for the purpose of availing the incentives for rice importation program, regardless of type and category.</p> <p>b. for the purpose of availing the incentives for the importation of machineries, equipment, and spare parts regardless of type and category.</p> <p>c. for other specific purposes peculiar to electric cooperatives, cooperative banks and cooperative insurance societies.</p>

Section 10. **Power to Waive**– Upon recommendation of the Extension Office Director concerned, the Board of Administrators may waive the imposition of the following requirements on the requesting cooperative if such compliance is deemed impossible due to *force majeure* or calamity or fortuitous event:

- a) Statutory reports for the preceding year; and
- b) Minutes of the General Assembly meeting for the preceding year including the results of election of the Board of Directors and the Committee members.

However, the other requirements as stipulated in Section 6 hereof shall still be complied by the requesting cooperative. In lieu of waived items **a** and **b** above, a certification stating the occurrence of such fortuitous event from Local Government Unit (LGU) and other concern agencies shall be required.

Section 11. **Fees** – The Authority shall charge a certification fee of One Hundred Pesos (Php 100.00) for every Certificate of Good Standing (CGS).

A penalty shall be charged in each of the following;

- a. Php 300.00 for every year of failure to secure a Certificate of Good Standing (CGS) for regular purpose.
- b. Php 300.00 for late filing of application for regular purpose

Section 12. Period of Filing – Subject to the requirements under Section 6 of this Guideline, a cooperative shall secure a Certificate of Good Standing (CGS) for regular purpose from the Authority on or before **April 30** of the current year.

Any request for Certificate of Good Standing (CGS) for regular purpose received by the Authority after the period of filing as stipulated herein shall be considered as “late filing of request” and shall be imposed a penalty of Three Hundred Pesos (Php 300.00) as provided for in Section 11 hereof.

Section 13. Validity OF CGS – CGS issued for regular purpose shall be valid and effective until **April 30** of the succeeding year. However, Certificate of Good Standing (CGS) issued for Special Purpose shall be valid for **six (6) months** only from the date of issuance.

In consideration of the foregoing limitations under this Section, no CGS with retroactive effectivity shall be issued to a cooperative.

Section 14. Repealing Clause –The CDA Memorandum Circular No.2008-03, dated February 14, 2008 is hereby amended.

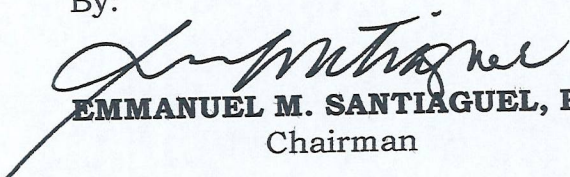
Section 15. Information Dissemination – All Extension offices of the Authority shall disseminate this Guideline to all concerned.

Section 16. Effectivity – This Guideline shall take effect fifteen (15) days after filing copy hereof to the Office of National Administrative Registry (ONAR).

Approved pursuant to Board Resolution No.132, S-2011 dated May 6, 2011.

For the Board of Administrators:

By:


EMMANUEL M. SANTIAGUEL, Ph.D
Chairman