



Central Office

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines

Memorandum Circular No. 2015-01
Series of 2015

SUBJECT : REVISED GUIDELINES GOVERNING THE REGISTRATION OF COOPERATIVES

Pursuant to Republic Act No. 6939, the Cooperative Development Authority hereby adopts and promulgates the following revised guidelines governing the registration of cooperatives.

Article I
Title

This guideline shall be known as the *“Revised Guidelines Governing the Registration of Cooperatives”*.

Article II
Policy

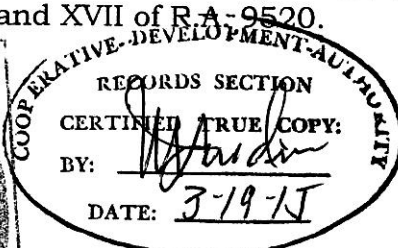
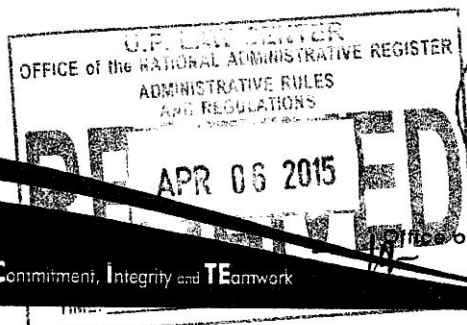
It is the declared policy of the State to foster the creation and growth of cooperatives as practical vehicles for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice.

Article III
Purpose

This guideline is issued for the orderly registration of cooperatives in compliance with the requirements as provided under RA 9520, Implementing Rules and Regulations, and relevant administrative issuances by CDA.

Article IV
Coverage

This shall govern the registration of all types and categories of cooperatives intending to register as such except those cooperatives defined under Chapters XII, XIII, XVI and XVII of R.A.-9520.



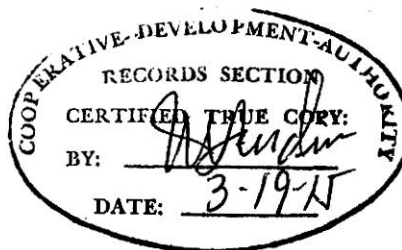
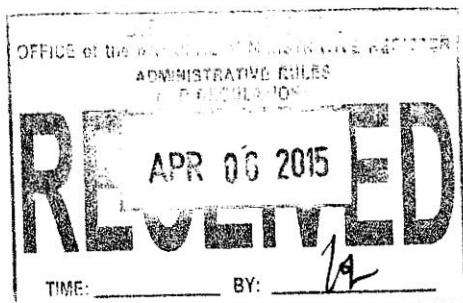
Management System
 ISO 9001:2008
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Article V
Definition of Terms

As used in this guideline, the following terms shall be defined as:

- (a) *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.
- (b) *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.
- (c) *Authority* – shall refer to the Cooperative Development Authority.
- (d) *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.
- (e) *Business Transaction* – shall refer to any business activity or livelihood engaged in by the cooperative where such cooperative generates savings.
- (f) *Cooperative* – shall refer to the 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.
- (g) *Federation* – shall refer to a cooperative the members of which are primary cooperatives doing the same line of business.
- (h) *Inter-regional* – shall refer to the cooperative's area of operation covering two or more adjacent regions.
- (i) *Primary Cooperative* – shall refer to 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.
- (j) *Registration* – shall refer to the operative act of the Authority granting judicial personality to a proposed cooperative and is evidenced by the Certificate of Registration.
- (k) *Secondary Cooperative* – shall refer to a cooperative the members of



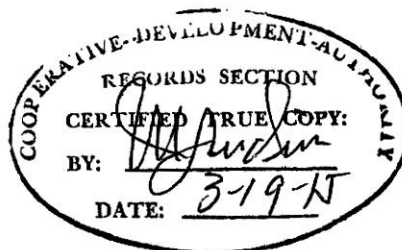
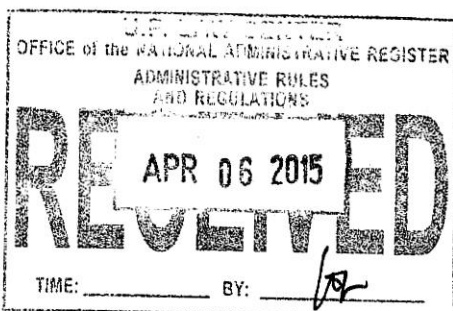
which are primary cooperatives.

- (l) *Share* – shall refer 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.
- (m) *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.
- (n) *Tertiary Cooperative* – shall refer to a cooperative the members of which are secondaries.
- (o) *Union* – shall refer to a cooperative the members of which are registered cooperatives and/or federations organized purposely to represent the interest and welfare of all types of cooperatives at the provincial, city, regional, and national levels.

Article VI
Types of Cooperatives

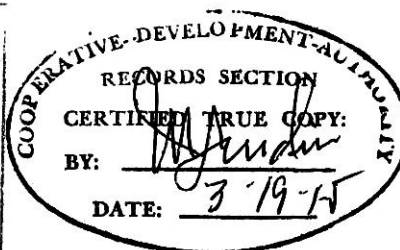
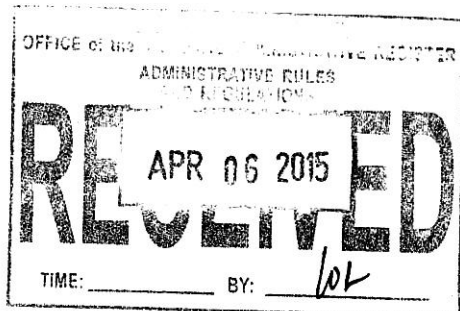
As defined under Section 23 of RA 9520 the types of cooperatives are, as follows:

- (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) *Consumers Cooperative* - is one the primary purpose of which is to procure and distribute commodities to members and non-members.
- (d) *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 related financial services to its members for productive and provident purposes.
- (e) *Dairy Cooperative* – is one whose members are engaged in the production of fresh milk which maybe processed and/or marketed as



dairy products.

- (f) *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.
- (g) *Fishermen Cooperative* - is one organized by marginalized fishermen in localities whose products are marketed either fresh or processed products.
- (h) *Health Services Cooperative* - is one organized for the primary purpose of providing medical, dental, and other health services.
- (i) *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.
- (j) *Marketing Cooperative* - is one which engages in the supply of production inputs to members and markets their products.
- (k) *Multipurpose Cooperative* - is one which combines two (2) or more of the business activities of these different types of cooperatives.
- (l) *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.
- (m) *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.
- (n) *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.
- (o) *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.
- (p) *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.

- (q) *Other types* – the requirements for the organization, membership, capitalization shall be determined and prescribed by the Authority in separate guidelines.

Article VII Jurisdiction

All applications for registration of cooperative and amendment thereto shall be *filed* and registered with the CDA Extension Office (EO) having jurisdiction over the principal office of the proposed cooperative.

In case of secondary or tertiary cooperative that shall operate with municipal/city, provincial, regional or inter-regional coverage shall be registered in the CDA Extension Office where its principal office is located.

The CDA Central Office shall register tertiary cooperatives with national coverage and *selected types* of cooperatives including amendments thereto prescribed by law, rules and circular issued by the Authority which are forwarded by concerned Extension Office together with the validation report.

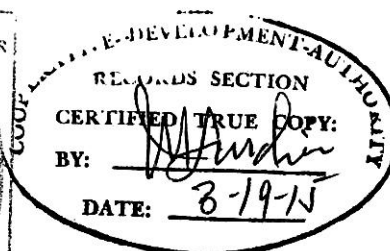
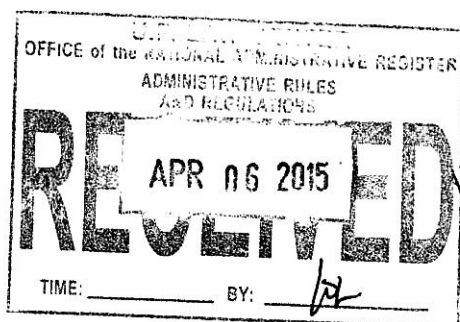
For this purpose, tertiary cooperatives with national coverage shall refer to a cooperative whose area of operation covers three or more regions in Luzon, Visayas and Mindanao.

Article VIII Primary Cooperatives

Section 1. **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 2. **Capital Requirements.**

- 2.1. 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.



- 2.2. 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.
- 2.3. In the case of Transport Cooperatives, capital requirements shall be in accordance with Rule V Section 5 of IRR, RA9520.

Section 3. Cooperative Name and Prohibition.

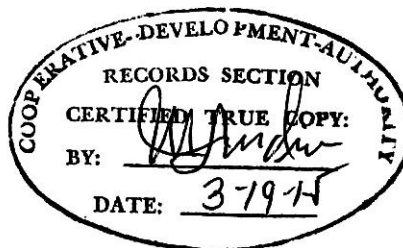
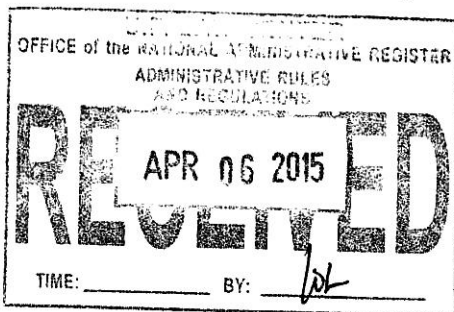
- 3.1. The word "Cooperative" "Koooperatiba" or "Cooperativa" shall be included in the name of the cooperative, which name shall likewise specify the type of cooperative in accordance with Article 23 of RA 9520.
- 3.2. No cooperative name shall be allowed by the Authority if the proposed name is *identical* 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.

- 3.3. 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.
- 3.4. Name shall not be written in all capital letters except if it is an acronym. Acronym shall be written after the full name of cooperative.

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

- 4.1. Cooperative Name Reservation Notice (CNRN); (1 copy only)
4.2. Economic Survey;
4.3. Articles of Cooperation and the approved By-laws;



- 4.3.1. All original;
- 4.3.2. The Articles of Cooperation shall be signed by all the cooperators on each and every page; and
- 4.3.3. The By-Laws shall be signed all the members on the adoption page.
- 4.4. Treasurer's Affidavit;
- 4.5. Surety Bonds of accountable officers;
- 4.6. Certificate of Pre-Membership Seminar (PMES) signed by the cooperative Interim Chairman, as validated by the Authority;
- 4.7. Undertaking to change name;
- 4.8. Undertaking to comply with the auditing and accounting standards prescribed by the Authority;
- 4.9. Undertaking to comply with other requirements prescribed by the other regulatory agency, when applicable;
- 4.10. Favorable endorsement/written verification/authority/pre-feasibility study, if applicable; and
- 4.11. Registration fee.

Section 4.a Other Specific Requirements for each type of cooperative:

4.a.1. Multi-Purpose Cooperative

- 4.a.1.a. Detailed feasibility study; and
- 4.a.1.b Undertaking to maintain separate books of accounts for each business activity

4.a.2. Agrarian Reform Beneficiaries Cooperative

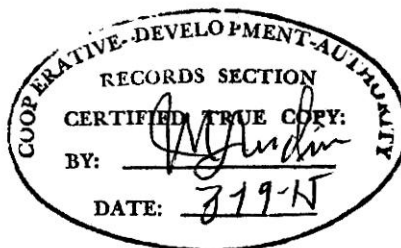
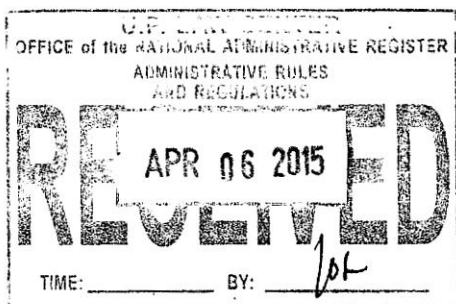
- 4.a.2.a Mother CLOA in case of plantation based ARBs; and
- 4.a.2.b Written verification from Department of Agrarian Reform (DAR) to the effect that the cooperative organization is needed and desired by the beneficiaries, economically viable, at least majority of the members are agrarian reform beneficiaries.

4.a.3. Housing Cooperatives

- 4.a.3.a. Copy of the Pre-Feasibility Study of the housing projects undertaking certified as reviewed by National Housing Authority (NHA).

4.a.4. Transport Cooperatives

- 4.a.4.a. Certification of Cooperative Education and Transport Operation Seminar (CETOS) by Office of Transport Cooperatives (OTC)



4.a.5. *Water Service Cooperative*

- 4.a.5.a. Proof of Land ownership
- 4.a.5.b. Well Drilling Data

4.a.6. *Professional Service Cooperative*

- 4.a.6.a. Undertaking to comply with the regulatory requirements prescribed by other regulatory agency;
- 4.a.6.b. Favorable endorsement from the Governing Board of the respective profession;
- 4.a.6.c. Tax Identification numbers of all cooperators; and
- 4.a.6.d. Photocopy of valid individual Professional License of all members.

4.a.7. *Labor Service Cooperative*

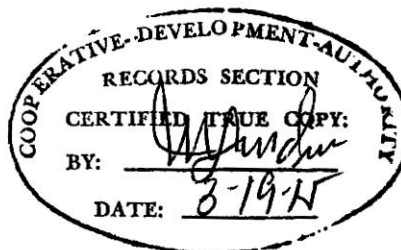
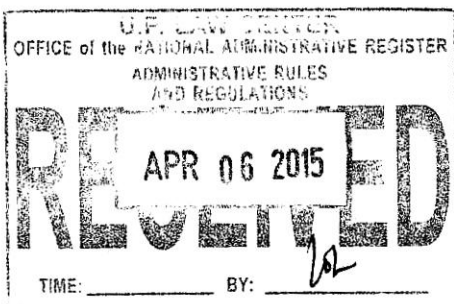
- 4.a.7.a. Undertaking to comply with the regulatory requirements prescribed by other regulatory agency;
- 4.a.7.b. Cooperators/Members' Profile and
- 4.a.7.c. Tax Identification numbers of all cooperators;

4.a.8. *Health Service Cooperative*

- 4.a.8.a. Undertaking to comply with the regulatory requirements prescribed by other regulatory agency;
- 4.a.8.b. Favorable endorsement/written certification from Concerned health related professional regulatory Board attesting to the fact that the concerned health related profession is not prohibited from forming a cooperative for the purpose of engaging in the subject undertaking;
- 4.a.8.c. Tax Identification numbers of all cooperators; and
- 4.a.8.d. Detailed Feasibility Study (*expressly mentioning whether the undertaking is primary, secondary or tertiary level hospital, diagnostic center, spa, and wellness center, home for the aged, lying in, drop-off center, etc. and specifying the financial, technical including architectural, plans, etc.*)

4.a.9. *Small Scale Mining Cooperative*

- 4.a.9.a. Undertaking to comply with the regulatory requirements prescribed by other regulatory agency;
- 4.a.7.b. Certification from Mines Geo-Science Bureau Regional Office that the members are licensed miners if the area of business operation is within the Peoples Small-Scale Mining Area; and
- 4.a.7.c. Tax Identification numbers of all cooperators.



Section 5. 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 6. Common and Preferred Share.

6.1. 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.

6.2. 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.

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

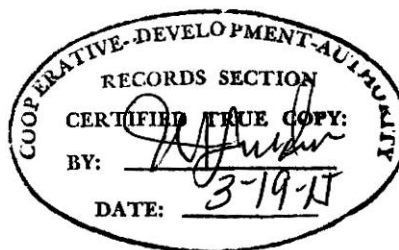
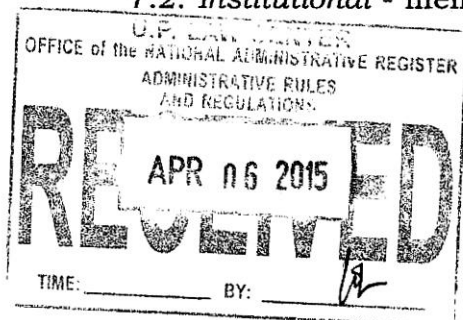
6.4. The paid up and subscription of the common share capital contribution should strictly adhere to the twenty-five percent (25%) requirement based on the authorized capital share.

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

Section 7. 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:

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

7.2. *Institutional* - members consist of employees, workers and/or officers



of a particular institution.

7.3. *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

7.4. *Occupational* - members come from same or allied profession or actual occupation.

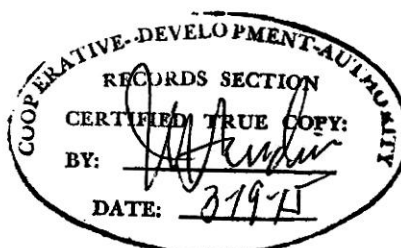
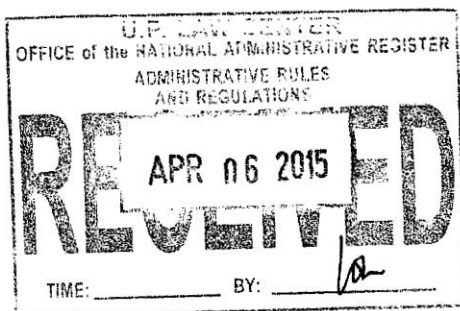
Section 8. **Dual Membership.** A prospective cooperative may include in its by-laws a provision not allowing members of existing cooperatives of the same type within the same area of operation to be a member of the proposed cooperative unless they resign from the former.

Section 9. **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:

9.1. The following persons shall be bonded:

- 9.1.1. Chairperson
- 9.1.2. Treasurer and Cashier;
- 9.1.3. Manager;
- 9.1.4. Warehouseman;
- 9.1.5. Loan/deposit Collectors;
- 9.1.6. Signatories of checks and other financial instruments; and
- 9.1.7. 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.

9.2. 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 10. Required Period for Approval of Registration.

- 10.1. 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.
- 10.2. 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.
- 10.3 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.

Article IX

Registration of Secondary and Tertiary cooperatives

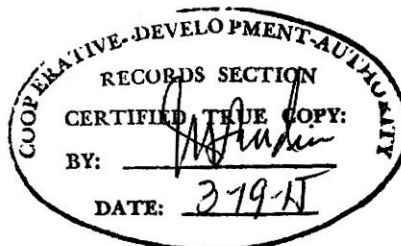
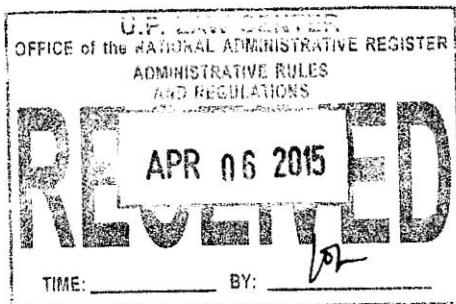
Section 1. Requirements for Registration. The following shall be the minimum requirements for registration:

- 1.1. *Membership* – The minimum number of members in a federation or union pursuant to BOA instruction dated May 23, 2011 is recommended, as follows:

Category	Federation	Union
1.1.1 Secondary	10 primary Coops	15 primary coops
1.1.1 Tertiary	10 secondary coops	15 secondary coops

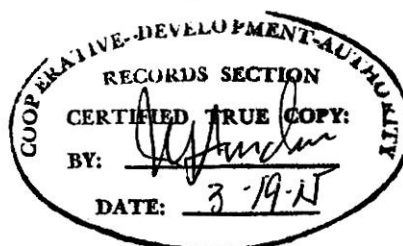
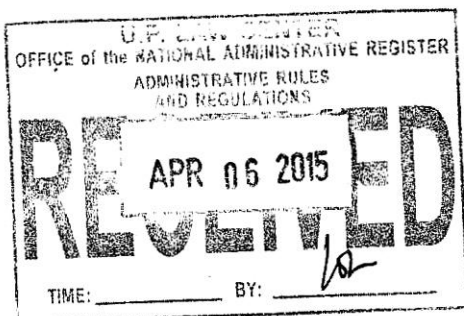
- 1.2. *Paid-up Capital* – The minimum paid-up share capital for any proposed federation/union shall be, as follows:

Category	Federation	Union
1.2.1 Secondary	Php 500,000.00	Not applicable
1.2.2 Tertiary	Php 5,000,000.00 or feasibility study requirement whichever is higher	Not applicable



However, for purposes of registration of a federation, the capital requirement stated in the feasibility study may also be followed but in no case shall the paid-up share capital of a federation be less than the amounts stated above.

- 1.3. *Area of Coverage* - A federation/union may be organized at the municipal/city, district, provincial, regional or national levels.
- 1.4. *Business Activity* - the federation can engage in any cooperative enterprise authorized under Article 6 of RA 9520 that compliments, augments, or supplements but does not conflict, compete with, nor supplant the business or economic activities of its members.
- 1.5. *Bonding Requirement* - Accountable officer/s of the proposed federation shall be covered by sufficient Surety Bond. The amount of the bond shall depend primarily on the amount of accountabilities the officer/s are handling as determined by the Board of Directors.
- 1.6. *Registration Fee* - The registration fee to be paid by the proposed federation shall be one tenth (1/10) of one (1%) percent of the authorized share capital or the amounts prescribed in the CDA schedule of fees, whichever is higher. Payment of the registration fee shall be collected on or before the issuance of the Certificate of Registration.
- 1.7. *Feasibility Study* - Four (4) copies of the Feasibility Study containing the following items shall be submitted to the Authority:
 - 1.7.1 Organizational Structure
 - 1.7.2 Purposes/Objectives
 - 1.7.3 Area of Operation
 - 1.7.4 Number of Member and Potential Members
 - 1.7.5 Feasibility
 - 1.7.5.1 technical aspect of federation operation
 - 1.7.5.2 management aspect
 - 1.7.5.3 financial aspect, 3 years projection, contribution, subsidies
 - 1.7.5.4 shall incorporate provision specifying cooperative



education and training programs

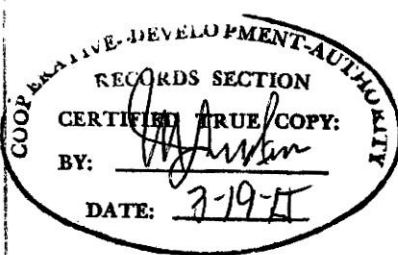
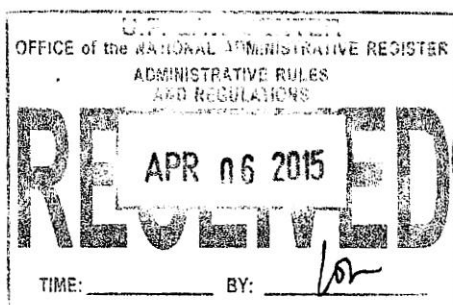
In the case of cooperative union, feasibility study can be replaced by a three year development plan.

- 1.8. *Articles of Cooperation and By-laws* – Four (4) copies each of the Articles of Cooperation and the By-laws shall be submitted to the Authority.
- 1.9. *Treasurer's Affidavit* – A duly notarized document attached to the Articles of Cooperation stating the total amount received from members share capital contribution, membership fee, donations or subsidies.
- 1.10. *General Assembly Resolution* – duly notarized resolution stating that the general assembly has approved the membership and the exact amount of share capital/dues to be contributed to the proposed federation/union it wishes to be affiliated with.
- 1.11. Other documentary requirements:
 - 1.11.1 BOD Resolution on authorized representative;
 - 1.11.2 Certification of the chairperson of member primaries stating the following:
 - 1.11.3 Line of business activity to be engaged in;
 - 1.11.4 Compliance/Adherence to the accounting and auditing standards as prescribed by the authority;
 - 1.11.2 Other documents as may be prescribed by the Authority

Section 2. **Place of Registration.** (a) The *Extension Offices* of the Authority shall register all federations/unions. In cases where the proposed federation/union shall operate with inter-regional coverage, it shall be registered in the Extension Office where the principal office is located. (b) The *Central Office* of the Authority shall register tertiary cooperatives with national coverage.

Section 3. **Miscellaneous.** – The following policies shall be followed by any federation/union:

- a. A federation shall engage in economic activity. A union shall actively advocate for the benefit and welfare of its members and regularly



implement plans and programs for the advancement of member's interest.

- b. No federation/union shall be registered without complying with the minimum membership requirement stated herein.
- c. Federations/Unions are prohibited from conducting audit service to their members.

Section 4. **Registration Procedures.** - The procedures for registration of cooperative federations/unions shall follow the same procedures outlined for the registration of primary cooperatives, as approved by the Board of Administrators.

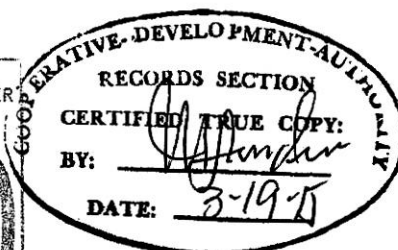
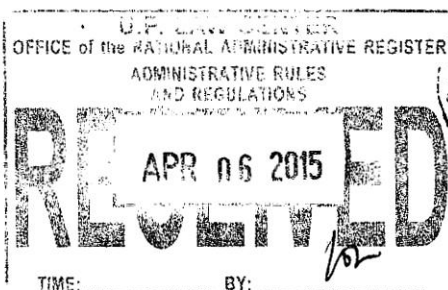
Article X Validation Requirement

The CDA Extension Office concerned shall ensure that proposed cooperatives applying for registration must have complied first with the basic requirements for the organization and registration of the proposed cooperative by conducting the requisite validation procedure prescribed below.

Section 1. *Objective.* The Authority recognizes the importance of verification/validation as an essential pre-registration function to ensure that the proposed cooperative applying for registration with the Authority has met the minimum requirement of the law.

Section 2. *Rationale.* While proposed cooperatives comply with the documentary requirements, it has been observed that others are not compliant with the cooperative conceptual definition on *common bond of interest, voluntariness, and willingness to undertake the business in accord with the generally accepted cooperative principles.*

Section 3. *Scope.* All types and categories of cooperatives shall be subjected to verification/validation before registration. On-site validation of the proposed cooperative's principal office address and gathering of relevant information including but not limited to its adherence to the cooperative principles, concept and values carried out by the cooperators/officers necessary in the submission of complete validation report.



Article XI
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.

Article XII
Automatic Review

This guideline shall be subject to automatic review three years from effectivity thereof.

Article XIII
Repeal

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

Article XIV
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).

Approved by the Board of Administrators pursuant to Res. No. 29, S-2015 dated February 18, 2015.

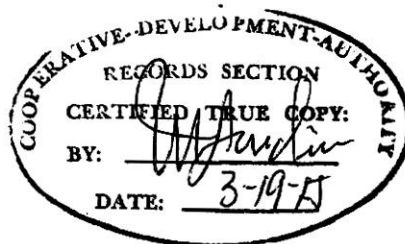
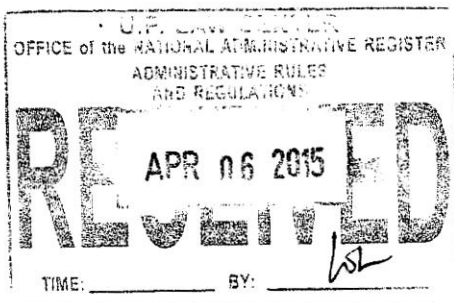
For the Board of Administrators:

By:



EULOGIO T. CASTILLO, Ph.D.
Officer-In-Charge, CDA

March 19, 2015





Central Office

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines

**EXCERPTS FROM
 MINUTES OF REGULAR MEETING
 OF THE CDA BOARD OF ADMINISTRATORS HELD ON FEBUARY 18, 2015
 Board Room, CDA Central Office**

PRESENT:

- | | |
|----------------------------------|---|
| Hon. Eulogio T. Castillo, Ph. D. | - Presiding Officer/OIC-CDA
Administrator from Luzon |
| Hon. Nelon B. Alindogan | - Administrator from Luzon |
| Hon. Mercedes D. Castillo | - Administrator from Visayas |
| Hon. Pendatun B. Disimban | - Administrator from Mindanao |

ALSO PRESENT:

- | | |
|---------------------|----------------------|
| Dir. Ray R. Elevazo | - Executive Director |
|---------------------|----------------------|

RESOLUTION NO. 29, s- 2015

Upon motion by Adm. Nelon B. Alindogan, duly seconded by Adm. Mercedes D. Castillo, be it **RESOLVED**, as it is hereby **RESOLVED**, to approve the **REVISED GUIDELINES GOVERNING THE REGISTRATION OF COOPERATIVES**.

APPROVED.

XX XX XX XX

This is to certify that the foregoing is true and correct from the minutes of the CDA Board of Administrators' Regular Meeting.

Mary Grace I. Cinco
MARY GRACE I. CINCO
 Board Secretary IV

ATTESTED:

Eulogio T. Castillo
ADM. EULOGIO T. CASTILLO, Ph.D.
 Officer-in-Charge, CDA

