



**Central Office**

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

**MEMORANDUM CIRCULAR No. 2015-11**  
Series of 2015

**TO : ALL CONCERNED**

**SUBJECT : AMENDED POLICY GUIDELINES ON THE ESTABLISHMENT OF  
COOPERATIVE BRANCH**

**DATE : December 3, 2015**

Pursuant to the powers vested by Republic Act 6939 and RA 9520, the Cooperative Development Authority (CDA) hereby promulgates the following guidelines on the establishment of cooperative branch office.

**Section 1. Legal Basis**

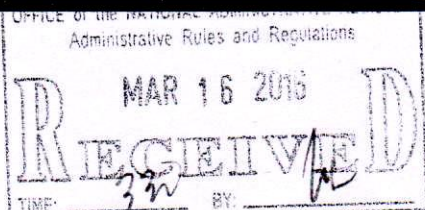
This Guidelines are hereby promulgated consistent with Article 2 paragraph 1 of RA 9520, *"to foster the creation and growth of cooperatives as a practical vehicle for promoting self reliance and harnessing people power towards the attainment of economic development and social justice"*, and as enshrined in Sections 1 and 3(a) of RA 6939, *"to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development and the powers of the Authority to formulate, adopt and implement integrated and comprehensive plans and programs on cooperative development"*.

**Section 2. Purpose**

This Guidelines shall provide for the orderly and systematic establishment of cooperative branch office and prescribing the requirements in the establishment thereof.

**Section 3. Scope**

All cooperatives intending to set-up or those with existing cooperative branch office shall be covered by these guidelines except cooperative banks.

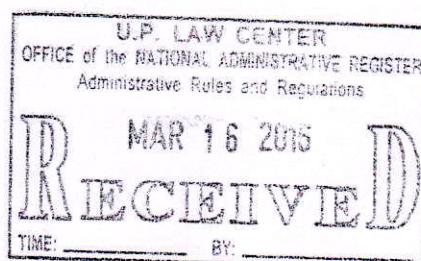




Provided, that cooperative banks shall be required to submit to the Authority a copy of the Certificate of Authority to establish or operate branch granted by the Bangko Sentral ng Pilipinas.

#### **Section 4. Definition of Terms**

- a. **Authority** – shall refer to the Cooperative Development Authority.
- b. **Principal/Main Office** – shall refer to the registered head office as indicated in the articles of cooperation and bylaws of the cooperative where the business and cooperative activities are conducted and central records and main books of accounts are kept. It is also the place where the officers and key management staff of the cooperative direct, control, coordinate and manage its entire operation.
- c. **Branch Office** – shall refer to a business office outside the principal office where cooperative activities and business operation are undertaken as per approved cooperative development plan. For purposes of this definition, cooperative activities shall refer to, but not limited to: acceptance and processing of membership, conduct of PMES and other trainings. While business operation means conduct of business activity/ies as stated in the objectives and purposes of the cooperative.
- d. **Certificate of Authority** – The official document issued by the Authority authorizing the establishment and operation of a cooperative branch.
- e. **Business Plan** – shall refer to a business study showing the marketability of products/services, and also the financial, technical, legal and organizational aspects of the proposed business establishment. It shall also include financial projections for the first three years of operations showing sustained viability.



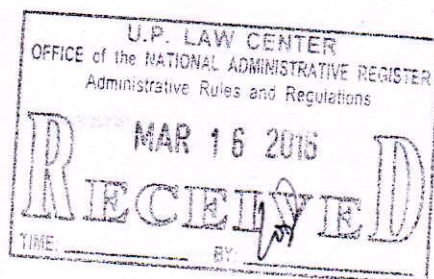


In the preparation of the business plan, due consideration shall be given to allocation of resources to the proposed branch.

- f. **Manual of Operation** – shall refer to a document showing the compilation of detailed policies and procedures in the operation of the cooperative.
- g. **Net Worth** – shall refer to equity inclusive of member's equity, donations, grants and reserve funds less unbooked allowance for probable losses on loans, accounts receivable, investment and non-performing assets, and other capital adjustments as may be required by CDA.
- h. **Full Business Operation** - shall refer to the conduct of complete cycle of cooperative business activity in consonance with the purpose/s and scope of cooperative as provided for in the articles of cooperation and by-laws.
- i. **Inspection Report** - shall refer to the documents where the findings/observations, actions and recommendations of the CDA authorized person who conducted the inspection are summarized and presented.
- j. **Transfer of Office** – shall refer to the relocation of the office address of cooperative branch within the same municipality/city.

**Section 5. Pre-qualification Requirements** – Prior to the Authority's approval, a cooperative may establish a branch subject to the following pre-qualification requirements, to wit:

5.1 That the proposed establishment of a branch in another place but within the area of operation of the applicant cooperative is necessitated by the existence of members in the said place desiring to avail of the services of the cooperative within their reach. Provided, that the number of members to be served by the branch office will be enough for its viable operation as shown in the business plan.





5.2 The principal office must have a minimum paid-up capital, as provided for in the Articles of Cooperation, to wit:

<b>Paid-up Capital</b>	<b>Category of Coop</b>
Php 10 Million	Primary
Php 15 Million	Secondary
Php 20 Million	Tertiary

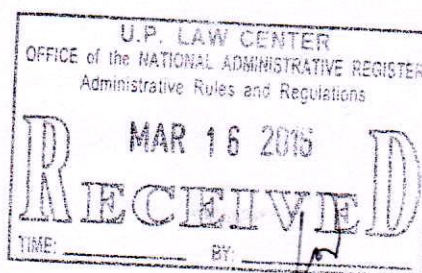
5.3 Each branch must have an available operating capital as provided for in the Business Plan, to wit:

<b>Operating Capital</b>	<b>Category of Coop</b>
Php 5 Million	Primary
Php 10 Million	Secondary
Php 15 Million	Tertiary

5.4 The cooperative did not incur net loss for the last three consecutive years and its **net worth** is progressive for the last three years from the date of application.

**Section 6. Documentary Requirements** –A letter request for authority to establish a cooperative branch shall be signed by the Chairman of the cooperative or General Manager as authorized by the Board and shall be accompanied by the following information/documents:

- 6.1 Business plan;
- 6.2 General assembly resolution authorizing the establishment of the branch and commitment of investment or allocation of resources in its operation;
- 6.3 Certification signed by the Chairman/General Manager of the following:
  - 6.3.1 Presence of Manual of Operations for Branch; and
  - 6.3.2 Address of the proposed branch
- 6.4 Audited Financial Statement for the last 3 years.





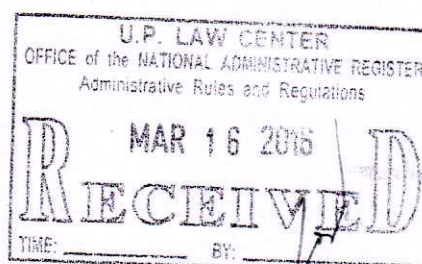
**Section 7. Processing fee** – the processing fee for the issuance of Certificate of Authority for each branch shall be as follows:

Processing Fee	Category of Coop
Php 500.00	Primary
Php 2,000.00	Secondary
Php 3,000.00	Tertiary

**Section 8. Continuing Qualification for a Branch Operation** – Every cooperative authorized to establish a branch must continually keep and maintain therein the following:

- 8.1 Office Space;
- 8.2 Business signage as a cooperative branch office;
- 8.3 Manual of Operation;
- 8.4 Complete Management Staff;
- 8.5 Operations plan and budget;
- 8.6 Maintenance of Books of Accounts and Accountable Forms;
- 8.7 Conduct of full business operation;
- 8.8 Display of the following:
  - 8.8.1 Certificate of Registration;
  - 8.8.2 Certificate of Authority;
  - 8.8.3 Business Plate/permit;
  - 8.8.4 Certificate of Tax Exemption;
  - 8.8.5 Operational Structure; and
  - 8.8.6 Procedural Flow Chart of Business Transactions.
- 8.9 Appropriate logistics (e.g. computer, tables, chairs, cash register, cash vault or box, if applicable, etc.); and
- 8.10 Other conditions as may be determined by the Authority.

**Section 9. Jurisdiction** – The approval and issuance of the Certificate of Authority shall be made by the Extension Office Director where the principal office is located. For cooperative registered with the Central Office, the Executive Director shall approve and issue the same.





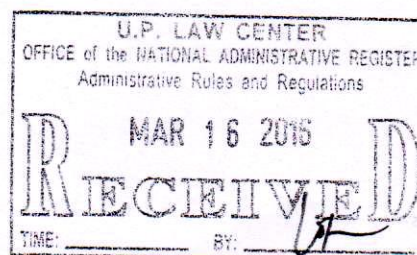
In case the proposed branch will be established outside the jurisdiction of the CDA registering Extension Office (EO), the application to establish a branch shall still be filed with the said registering EO which shall then make an evaluation and determination of compliance by the applicant cooperative with the pre-qualification requirements as well as the documentary requirements set forth in Sections 5 and 6 hereof, respectively. Upon a finding that all the pre-qualification and documentary requirements have been completely complied with, the registering EO shall thereafter forward the application together with the supporting documents and its appropriate recommendation to the EO that exercises jurisdiction over the place where the branch will be established.

The EO where the proposed branch will be established shall conduct further evaluation with Sec. 5.1 and Sec. 6 hereof. Upon a finding that said requirements have been completely complied and that the operation and establishment of a branch by the applicant cooperative is viable and poses no harm to other cooperatives existing therein, said EO shall then issue a Certificate of Authority to the applicant cooperative.

Upon issuance of the Certificate of Authority, the issuing EO shall notify and furnish the registering CDA EO (where the main office of the applicant cooperative was registered) a copy of the Certificate of Authority.

**Section 10. Certificate of Authority** - A Certificate of Authority shall be issued by CDA to cooperatives applying for a branch upon compliance with the requirements enumerated in Section 6 and 7 hereof. Such certificate should bear the following information:

- 10.1 Control Number;
- 10.2 Name of the Cooperative which shall be the same with the registered name of the main branch;
- 10.3 Address of the principal/main office and the branch office;
- 10.4 Date and place of issuance; and
- 10.5 Signature of authorized CDA official





**Section 11. Relocation/Transfer of Branch of Cooperatives.** Cooperatives may be allowed by the CDA to relocate /transfer branch subject to the following conditions:

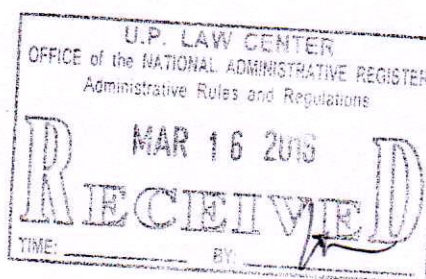
- a. Notice to CDA of relocation/transfer of branch at least three (3) months before the actual transfer;
- b. Posting of notice of relocation/transfer in conspicuous place where the branch office is located at least three (3) months prior to scheduled relocation/transfer;
- c. Compliance to Section 5.1 hereof; and
- d. Payment of processing fee amounting to Php 500.00 for the issuance of new Certificate of Authority upon surrender and cancellation of the old certificate.

**Section 12. Branch Office Inspection.**

The Extension Office (EO) where the branch office is located is authorized to conduct annual inspection to validate the conditions of branch office operations. It shall be conducted by the CDS assigned in the area where the branch office operates. Provided however, that the inspection report shall be forwarded to the EO having jurisdiction over the principal office of the cooperative for its consideration and appropriate action.

**Section 13. Administrative Regulations**

- 13.1 All cooperatives intending to put up a branch and cooperatives with existing branch office should be established within the area of operation of the cooperative. For cooperatives intending to branch outside the area of operation, approval of the articles of cooperation expanding the area operation shall be secured;
- 13.2 No branch should be established within a 500-meter radius of the nearest cooperative engaged in the same line of business as the proposed branch;
- 13.3 The branch office shall have a separate Book of Accounts;
- 13.4 Minimum of three (3) personnel to man the office such as but not limited to manager, bookkeeper, and cashier.
- 13.5 Adherence to the manual of operation at all times;
- 13.6 Issuance of official receipt in the financial transactions of the branch;





- 13.7 Imprest system of handling cash shall be complied with at all times;
- 13.8 All branch offices should secure a Barangay and Mayor's Permit;
- 13.9 Compliance to other regulations as may be determined by other government agencies including the Authority.
- 13.10 Submission of operational reports to the principal/head office such as financial statements, cash flows, and other relevant reports required by the main office and the Authority.
- 13.11 Same report as mentioned in 13.10 be submitted to the CDA Extension Office where the branch is located.

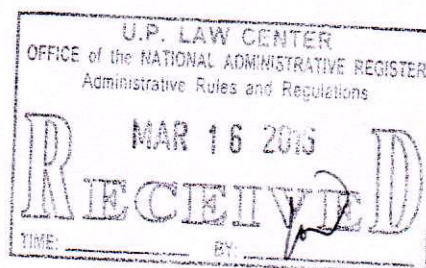
#### **Section 14. Voluntary Closure of Cooperative Branch**

Voluntary closure of cooperative branch shall be allowed provided that the following procedures are complied with:

- 1) A document, duly signed by a Branch Manager noted by the Chairman of the Cooperative, of its intention to close a branch office shall be submitted to the Authority at least three (3) months prior to the closure;
- 2) Sending of Notice/Posting of Notice of Closure in conspicuous place of the branch office shall be made in order to inform members and creditors of the branch office to be closed at least three (3) months prior to the closure;
- 3) Upon submission of the report on the completion of Par. 1 and 2, the Authority shall automatically issue an Order of Closure to the concerned cooperative branch office. This also cancels the Certificate of Authority issued.

#### **Section 15. Sanctions**

- 1) Any violation of these guidelines shall be a ground for the cancellation of the certificate of authority hereunder without prejudice to the imposition of the applicable administrative sanctions to the cooperative under RA9520.





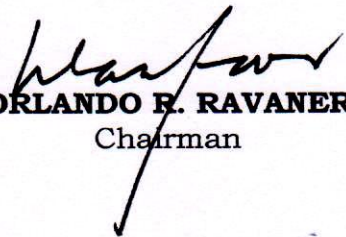
- 2) If any part of the certification submitted by the cooperative as required in the above Sections is found to be false, the non-issuance of the Certificate of Compliance (COC) for one (1) year shall be imposed.

**Section 16. Effectivity.** This Circular amends Memorandum Circular No. 2011-17, series of 2011 dated May 6, 2011 and shall take effect fifteen (15) days following the approval of the Board of Administrators and the filing of copy hereof to the Office of Administrative Register (ONAR).

Approved by the CDA Board of Administrators pursuant to Resolution No. 299, s-2015 dated December 3, 2015.

For the Board of Administrators

By:

  
**ORLANDO R. RAVANERA**  
Chairman

