



COOPERATIVE DEVELOPMENT AUTHORITY

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PUBLIC ADVISORY

This is an advisory to the public not to be confused and be vigilant with the use of the term "investment" in cooperatives.

Art. 72 of Philippine Cooperative Code of 2008 (R.A. 9520) enumerates the capital sources of cooperatives, which reads:

- "(1) Member's share capital;
- (2) Loans and borrowings including deposits;
- (3) Revolving capital which consists of the deferred payment of patronage refunds, or interest on share capital; and
- (4) Subsidies, donations, legacies, grants, aids and such other assistance from any local or foreign institution whether public or private: *Provided*, That capital coming from such subsidies, donations, legacies, grants, aids and other assistance shall not be divided into individual share capital holdings at any time but shall instead form part of the donated capital or fund of the cooperative. X x x."

Nowhere in the aforementioned provision which allows investments from any willing investors but only members' share capital, that is, membership in an existing cooperative requires an applicant to subscribe and pay the required minimum share capital and membership fee based on the cooperative's bylaws and/or policy.

It must also be observed that no member of primary cooperative other than cooperative itself shall own or hold more than ten *per centum* (10%) of the share capital of the cooperative. Its holders shall be entitled to vote and be voted under the principle of one-man, one vote principle, and shall receive interest, the rate which should not exceeded the normal rate on investment.

This is for the public to exert prudence in dealing with any entity offering investment.

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