



# COOPERATIVE DEVELOPMENT AUTHORITY

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

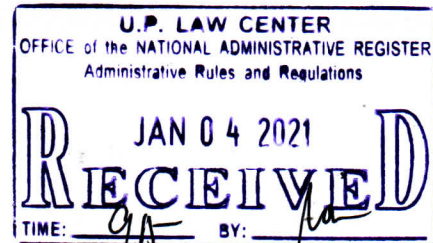
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## MEMORANDUM CIRCULAR NO. 2020-31 Series of 2020.

TO : ALL CONCERNED

SUBJECT : PROHIBITIONS/DISQUALIFICATIONS UNDER ARTICLE 39 (3) AND  
(4) AND ARTICLE 42 OF R.A. NO. 9520



Pursuant to the powers vested in the Authority by Republic Act No. 11364, otherwise known as "*An Act Reorganizing and Strengthening the Cooperative Development Authority, Repealing for the Purpose Republic Act No. 6939, Creating the Cooperative Development Authority,*" and by Republic Act No. 9520, also known as "*An Act Amending the Cooperative Code of the Philippines to be known as the 'Philippine Cooperative Code of 2008'*", **this Memorandum Circular is hereby issued.**

**Article 39 (3) and (4) of RA No. 9520 provides:**

**"Article 39. Directors.**

**xxx.**

3. The members of the board of directors shall not hold any other position directly involved in the day to day operation and management of the cooperative.

4. Any person engaged in a business similar to that of the cooperative or who in any way has a conflict of interest with it, is disqualified from election as a director of said cooperative."

On the other hand, Article 42 of RA No. 9520 states:

"Article 42. Officers of the Cooperative. xxx No two (2) or more persons with relationships up to the third civil degree of consanguinity or affinity nor shall any person engaged in a business similar to that of the cooperative nor who in any other



manner has interests in conflict with the cooperative shall serve as an appointive officer.”

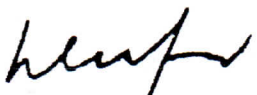
Clearly from the foregoing provisions, a member of the board of directors is prohibited to get involved in the daily operations of the cooperative nor serve as manager or managing director. Moreover, a cooperative member engaged in a business similar to that of the cooperative or who, in any way, has a conflict of interest with it, is disqualified from election as a director of said cooperative.

The same holds true as to appointive officers. They must not be engaged in a business similar to or has a conflict of interest with the cooperative. In addition, only one person with relationship up to the third civil degree of consanguinity or affinity is allowed to be appointed.

Elective officers are the members of the Board of Directors, the Audit and Election committees. Appointive officers include the Secretary, Treasurer, members of the Ethics, Mediation and Conciliation Committees and such other committees as may be necessary for the conduct of the affairs of the cooperative.

Approved per CDA BOD Resolution No. 345 S-2020, dated November 18, 2020.

For the Board of Directors:

  
**ORLANDO R. RAVANERA**  
Chairman  
/CC351 