



COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2021- ____
Series of 2021

SUBJECT : GUIDELINES GOVERNING THE ORGANIZATION AND REGISTRATION OF COOPERATIVES TO BE ESTABLISHED BY YOUTHS

Pursuant to the powers vested by Republic Act No. 11364 or the Cooperative Development Authority (CDA) Charter of 2019 and Republic Act No. 9520 otherwise known as the Philippine Cooperative Code of 2008, the CDA hereby issues this Memorandum Circular recognizing cooperatives to be organized by youths and promulgates the following Guidelines for its registration.

Article 1. Title

This Memorandum Circular shall be known as the **GUIDELINES GOVERNING THE ORGANIZATION AND REGISTRATION OF COOPERATIVES TO BE ESTABLISHED BY YOUTHS.**

Article 2. Legal Bases

Article 2 of RA No. 9520 or the Philippine Cooperative Code of 2008 states that, it is the declared policy of the State 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.

Section 4 (c) of RA No. 11364, also known as “An Act Reorganizing and Strengthening the Cooperative Development Authority, Repealing, for the Purpose Republic Act No. 6939, Creating the Cooperative Development Authority” provides that the CDA shall register all cooperatives including amendments to the Articles of Cooperation and Bylaws (ACBL), division, merger, and consolidation.

Article 3. Purpose

This Memorandum Circular shall have the following purposes:

1. Recognize cooperatives organized by youths because of the role that cooperatives can play in fostering empowerment among the youth through self-organization and development to help solve the high unemployment rate, deficit in decent work, precarious work and other barriers that they face; and
2. Provide Guidelines for its orderly registration in compliance to the requirements provided under RA No. 9520, its Implementing Rules and Regulations (IRR) and other pertinent laws.



Article 4. Coverage

This Memorandum Circular formalizes the recognition of youth cooperatives and provides the Guidelines for its orderly registration in compliance to the requirements provided under RA No. 9520, its Implementing Rules and Regulations (IRR) and other pertinent laws.

Article 5. Definition of Terms

As used in these Guidelines, the following terms shall mean:

- a.) Area of Operation – ¹. Refers to the area where the cooperative operates and where its members come from as provided for in their ACBL.
- b.) Associate Member – refers to a member of a cooperative who opts to continue to be a member upon reaching the age of 36. He/she has no right to vote nor be voted upon but is entitled only to limited rights, privileges and membership duration as provided in the Bylaws of the cooperative, the Philippines Cooperative Code of 2008, and its Implementing Rules and Regulations.
- c.) Authority – refers to the Cooperative Development Authority
- d.) Authorized Share Capital – refers to the capitalization of the cooperative as provided in the Articles of Cooperation and as approved by the Authority.
- e.) Bond of Membership – Refers to the conditions where members group themselves to attain their common goals and objectives which may either be residential, occupational, associational and institutional. ²
- f.) Cooperative³. It refers to an autonomous and duly registered association of persons, with a common bond 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.

¹ Section 2 (3) Revised Implementing Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008

² Section 2 (7) Revised Implementing Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008

³ Article 3, RA 9520 or the Philippine Cooperative Code of 2008

- g.) Economic Survey – it refers to a general statement describing, among others, the structure and purposes of the proposed cooperative.⁴
- h.) Registration – refers to the operative act of the Authority in granting juridical personality to a proposed cooperative and is evidenced by a Certificate of Registration.
- i.) Regular Member – refers to one who has complied with all the membership requirements and is entitled to all the rights and privileges of membership.
- j.) Share – Refers to a unit of capital, the par value of which may be fixed at any figure not less than One Hundred Pesos (Php100.00) but not more than One Thousand Pesos (Php 1,000.00) which is divisible by One Peso (Php1.00) and may be divided into common or preferred share capital.⁵
- k.) Share Capital –.⁶ It is the money paid or required to be paid by the members provided in the By-Laws of the cooperative for the conduct of the operation of the cooperative.
- l.) Youth - refers to those persons whose ages range between eighteen (18) to thirty (35) years old⁷.
- m.) Youth Cooperative – refers to cooperatives established by youths.

Article 6. General Requirements

1. **Membership.** Fifteen (15) or more natural persons who are Filipino citizens, ages eighteen (18) to thirty five (35) having a common bond of interest and are residing or working in the intended area of operations are required for registration. Any member, upon reaching the age of thirty six (36) will become an associate member. Associate members of a Youth cooperative may form themselves as a Board of Elders of the cooperative to provide guidance and advice to the Youth Cooperative.
2. **Capitalization.** The Youth Cooperative shall be organized with a share capital provided 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. Provided, that in no case shall the paid-up share capital be less than Fifteen Thousand Pesos (P15,000.00).

⁴ Article 11, RA 9520

⁵ Article 4 (g) CDA MC No. 2020-24, Series of 2020

⁶ Article IV (g) CDA MC 2020-24, Series of 2020

Article 7. Submission of Documentary Requirements. The original of the following documents shall be submitted to the Authority in the number of copies stated as follows:

7.1 Economic Survey ⁸(3 copies);

7.2 Articles of Cooperation which shall be signed by all the cooperators on each and every page (3 copies);

7.3 Bylaws which shall be signed by at least a majority of all the members on the adoption page (3 copies);

7.4 Treasurer's Affidavit (3 copies);

7.5 Surety Bond of Accountable Officers (1 original copy and 2 certified photocopies);

7.6 Certificate of Pre-Registration Seminar (PRS) (1 original copy and 2 certified photocopies);

The approved system-generated registration documents shall be printed by the applicant in 8.5 x 13 inches size white bond paper and forwards the same to the concerned Regional Office

Article 8. Type of Cooperative

8.1 The type of a youth cooperative shall depend on its business undertaking.

Article 9. Area of Operation

9.1 The area of operation of the cooperative shall either be National, Inter-Regional, Regional, Provincial and City/Municipal.

9.2. However, the cooperative can only expand its area of operation to nationwide after two (2) years of operation with proof of increasing net income.

Article 10. Bond of Membership

10.1 There are four (4) categories of bond of membership, namely:

- Residential – members ages eighteen (18) to thirty five (35) working and/or actually and physically residing in the same place.
- Institutional – members ages eighteen (18) to thirty five (35) consisting of employees, workers and/or officers of a particular institution.
- Associational – members ages eighteen (18) to thirty five (35) who come from a registered and/or recognized association, group, club, fraternity, religious group,

⁸ Article 11 RA 9520

cultural and other similar aggrupation. Recognized association refers to a legitimate aggrupation of persons which is validated to be publicly known in a particular community and is able to present a certification from an applicable government entity or substantial proof of visible activity in the community; and

- Occupational – members ages eighteen (18) to thirty five (35) who come from the same or allied profession or actual occupation.

10.2 The cooperative can adopt only one common bond of membership.

Article 11. Name of Cooperative

11.1 The name of the youth cooperative shall include the word "youth" before the type of cooperative e.g.

Young at Heart Youth Marketing Cooperative or

Masigasig Youth Consumers Cooperative

11.2 No cooperative shall be allowed to use a name that is identical or deceptively or confusingly similar to that of any existing cooperative, contrary to public policy, moral and existing laws.

11.3 The use of the words development, integrated, incorporated, corporation, company, incorporation, partnership, or other similar connotations, or the use of federation, union, Philippines and Pilipinas in the name of a proposed primary cooperative is likewise prohibited except if it is a part of the registered name of the association or institution where the members of the proposed cooperative come from.

11.4 The name of a cooperative shall not be written in all capital letters except if it is an acronym or a name of a registered corporation, partnership, association, or foundation. The use of special characters in the proposed cooperative name is not allowed and the number of characters should not exceed 100 including the acronym, if using one.

Article 12. Common and Preferred Shares

12.1 The share capital of a cooperative may consist of common share capital and/or preferred share capital if the latter is provided under the cooperative's Articles of Cooperation. Should the cooperative decide 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 as common shares and/or preferred shares. However, it is recommended that only the common shares be offered.

12.2 Should preferred share capital be offered, the rights and privileges of holders of preferred shares shall be provided in the By-laws of the cooperative.

12.3 The preferred share capital shall not exceed twenty-five percent (25%) or one-fourth (1/4) of the total authorized share capital of the cooperative.

12.4 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 share capital.

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

Article 13. Prohibition of Dual Membership

A prospective cooperative may include in its ACBL a provision prohibiting members of existing cooperatives of the same type within the same area of operation to become a member of the proposed cooperative unless they resign from the former.

Article 14. Bonding Requirements of Accountable Officers/Employees of the Cooperative

In order to meet any contingency that may arise in the operation of a cooperative, accountable officers/employees of a cooperatives shall submit a surety bond for the faithful performance of their functions in accordance with Articles 14(5) and (56) of RA 9520, as follows:

- a. Chairperson
- b. Treasurer and Cashier;
- c. Manager;
- d. Warehouseman;
- e. Loan/deposit Collectors;
- f. Signatories of checks and other financial instruments; and
- g. 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.

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 net worth 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.

Article 15. Jurisdiction

All applications for registration of youth cooperatives shall be filed with the CDA Regional Office (RO) having jurisdiction over the principal office of the proposed cooperative.

Article 16. Period to Approve an Application for Registration and Appeal

- 16.1 An application for registration shall be finally disposed of by the Authority within a 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.
- 16.2 In the case of a denial by the Regional Office, an appeal of such denial may be filed with the CDA Head Office within ten (10) working days from receipt of the Notice of Denial.
- 16.3 In the case of a denial by the Authority, an appeal of such denial may be sent to the Office of the President within ninety (90) days from receipt of the Notice of Denial.
- 16.4 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 17. Validation Requirement

- 17.1 Prior to registering the cooperative, the concerned Regional Office shall conduct a validation to ensure that the requirements for application for registration of youth cooperatives are complied with and in order.
- 17.2 The conduct of validation is governed by the provisions of MC No. 2020-11, Series of 2020⁹ or any other succeeding issuance of the Authority modifying or repealing the said MC.

Article 18. Separability Clause

If any provision of this Memorandum Circular is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

Article 19. Repeal

All previous Circulars and/or Guidelines issued by the Authority which are inconsistent with this are repealed or modified accordingly.

Article 20. Effectivity

⁹ Guidelines Supplementing CDA Memorandum Circular 2015-01 on the Conduct of Validation of Applications for Registration of Cooperatives, Amendments to the ACBL and Establishment of Branches and Satellite Offices of Cooperatives

This Memorandum Circular shall take effect upon the approval of the Board of Administrators and fifteen (15) days after publication in the Official Gazette.

For the Board of Directors:

(SGD) Chairman
Cooperative Development Authority

Approved by the CDA Board of Directors pursuant to Resolution No. _____,
s.2021 dated _____.