



COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. _____
Series of 2021.

SUBJECT: GUIDELINES ON THE CLASSIFICATION OF THE STATUS OF COOPERATIVES

Pursuant to Section 4(a) and (h) of Republic Act No. 11364, otherwise known as the Cooperative Development Authority Charter of 2019, the following guidelines are hereby issued:

Section 1. Title. – This Circular shall be known as the “Guidelines on the Classification of the Status of Cooperatives.”

Section 2. Objectives. – This Guidelines is being issued to formulate and prescribe guidelines in determining the status of cooperatives.

Section 3. Coverage. - This Guidelines shall apply to all types and categories of cooperatives.

Section 4. Status of Cooperatives

As to status, cooperatives may fall under any of the following:

- A. **COMPLIANT**
- B. **NON-COMPLIANT**
- C. **UNDER DLCD**

Section 5. Basis in Determining the Status of Cooperatives

A. **COMPLIANT-** Cooperatives shall be considered as compliant under any of the following circumstances:

1. Cooperatives which were registered with the Cooperative Development Authority (CDA) within the current year; and



2. Cooperatives which have been issued with a valid Certificate of Compliance.

B. NON-COMPLIANT

Cooperatives shall be declared as non-compliant under any of the following circumstances:

1. Cooperatives which were issued with Show Cause Order on the following grounds:
 - a. Violation of the Cooperative Code, rules and regulations issued by the CDA, Articles of Cooperation and By-laws, as a result of the inspection or examination conducted to the cooperatives; or
 - b. Failure to submit the required reports despite Notice of Non-Submission.
2. Cooperatives which failed to submit the required reports and were issued with Notice of Non-Submission of required reports.
3. Cooperatives which are under dissolution. Dissolution of cooperatives may either be voluntary or involuntary.

1. Voluntary Dissolution

- a. Where there are creditors affected, upon the filing with the Authority of a verified petition for voluntary dissolution of the cooperative
- b. Where there are no creditors affected, upon submission with the Authority of a resolution approving the dissolution.

2. Involuntary Dissolution

- a. If commenced by filing a petition for dissolution before a competent court, the cooperative is considered under dissolution upon notice of the filing of the petition for dissolution before the court; and
- b. If by order of the Authority, the cooperative is considered under dissolution upon issuance of the Notice of Hearing.

C. UNDER DLCD - Dissolved, Under Liquidation, Cancelled and Delisted Cooperatives- Cooperatives shall be declared under DLCD in the following circumstances:

1. Dissolved Cooperatives.

1. In case of voluntary dissolution, the cooperative is considered dissolved under any of the following circumstances:

- a. If no creditors are affected, upon issuance by the Authority of the Order of Dissolution; or
 - b. If there are creditors affected, upon issuance by the Authority of the Certificate of Dissolution after submission by the cooperative of a board resolution approving the dissolution.
2. In case of involuntary dissolution, the cooperative is considered dissolved under any of the following circumstances:
 - a. Upon issuance of a final and executory decision of a court of competent jurisdiction;
 - b. Upon issuance of the Order of Dissolution by the CDA.

2. **Cooperatives Under Liquidation.**

1. If the dissolution sought is voluntary, the cooperative is considered under liquidation upon the issuance by the Authority of an order to commence the winding up of affairs and notice of appointment of the Board of Liquidators/Trustees.
2. In case of involuntary dissolution, the cooperative is considered under liquidation upon the appointment of the Board of Liquidators by the Authority or a competent court.
3. **Cancelled** - A cooperative is considered cancelled upon issuance by the Authority of an Order of Cancellation.
4. **Delisted**- A cooperative is considered delisted upon approval by the CDA Board of the delisting of the cooperatives in the master list of cooperatives.
5. **Absorbed cooperatives in cases of merger.** This takes place upon issuance of the Certificate of Registration of Merger.
6. **Absorbed cooperatives in cases of consolidation.** This takes place upon issuance of the Certificate of Registration.

Section 6. Repealing Clause. All previous circulars and/or guidelines issued by the Authority which are inconsistent with this Guidelines are hereby repealed or modified accordingly.

Section 7. Effectivity. This Memorandum Circular shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette.

Approved by the CDA Board of Directors on _____ per Board Resolution No. _____, Series of 2021

For the Board:

USEC. JOSEPH B. ENCABO ✓
Chairman