



COOPERATIVE DEVELOPMENT AUTHORITY

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Memorandum Circular No. 2021- 14
Series of 2021.

SUBJECT: GUIDELINES FOR THE REGISTRATION OF A TECHNOLOGY SERVICE COOPERATIVE AS A SPECIAL TYPE OF COOPERATIVE ORGANIZED AMONG REGISTERED COOPERATIVES

Pursuant to the powers vested by Republic Act No. 11364 or the "Cooperative Development Authority Charter of 2019" and Republic Act No. 9520, otherwise known as the "Philippine Cooperative Code of 2008," the Authority hereby issues this memorandum circular on guidelines for the registration of a technology service cooperative.

Section 1. Title

This Guidelines shall be known as the "**Guidelines for the Registration of Technology Service Cooperative as a Special Type of Cooperative Organized Among Registered Cooperatives**".

Section 2. Policy.

It is the declared policy of the State to foster the creation and growth of cooperatives as practical vehicles for promoting self-reliance and harnessing people's power towards the attainment of economic development and social justice through the utilization of new technologies.

Section 3. Purpose.

This Guidelines is issued for the orderly registration of a technology service cooperative as a special type of cooperative organized among registered cooperatives.

Section 4. Legal Bases.

This Guidelines is hereby promulgated following the provisions under Article 6(12) and Article 23(e) & (u) of RA No. 9520:

"ART. 6. Purposes of Cooperatives.

A cooperative may be organized and registered for any or all of the following purposes:
xxx

12) To ensure the viability of cooperatives through the utilization of new technologies;"



“ART. 23 Types and Categories of Cooperatives.

1) Types of Cooperatives – Cooperatives may fall under any of the following types:

xxx

“e) **Service Cooperative** is one which engages in medical and dental care, hospitalization, transportation, insurance, housing, labor, electric light and power, communication, professional and other services;

xxx

“(u) Other types of cooperative as may be determined by the Authority.”

Section 5. Coverage.

This Guidelines shall cover the registration of all technology service cooperatives as a special type of cooperative.

Section 6. Definition of Terms.

As used in this guidelines, the following terms shall be defined as:

- a. Authority - refers to the Cooperative Development Authority.
- b. Area of Operation – refers to the area where the cooperative members come from as provided for in the Articles of Cooperation and By-laws.
- c. Cooperative – is 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.
- d. Registration – refers to the operative act of the Authority granting juridical personality to a proposed cooperative and is evidenced by a Certificate of Registration.
- e. 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 (Php1,000.00), which is divisible by One Peso (Php1.00) and may be divided into common or preferred share capital.
- f. Share Capital – refers to the money paid or required to be paid by the members for the conduct of the operations of the cooperative.
- g. Technology services- refer to professional services designed to facilitate the use of Information Technology by enterprises and end-users or to provide

specialized technology-oriented solutions by combining the processes and functions of the software, hardware, networks, telecommunications, and electronics.

- h. Technology Service Cooperative— refers to a special type of cooperative organized among registered cooperatives to provide technology services to its members.

Section 7. Membership.

7.1 The members of a technology service cooperative may come from all types and categories of cooperatives.

7.2 The minimum number of cooperators required to organize a technology service cooperative shall be fifteen (15) cooperatives.

Section 8. Area of Operation.

The area of operation of a technology service cooperative may either be city/municipality, provincial, regional, inter-regional, or national.

Section 9. Authorized, Subscribed, and Paid-up Capital

9.1. The authorized share capital of a cooperative shall be provided for 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 before registration.

9.2. The minimum paid-up share capital shall be One Hundred Million Pesos (Php100,000,000.00), or the amount required in the feasibility study, whichever is higher.

9.3. No member shall hold more than 10% of the total subscribed capital of the cooperative.

Section 10. Voting system.

Each member of a technology service cooperative shall have one (1) basic vote and as many incentive votes as provided for in the bylaws but not to exceed five (5) votes. The votes cast by the delegates shall be deemed as votes cast by the members thereof.

Section 11. Name of Cooperative

11.1 The name of the cooperative shall include the phrase "Technology Service Cooperative" e.g. Interlink Technology Service 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, or contrary to public policy, moral, or 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 technology service 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 (e.g. @ # \$ % ^ & *) in the proposed cooperative name is not allowed and the number of characters should not exceed 100 including the acronym if using one.

Section 12. Bonding Requirements of Accountable Officers/Employees of the Cooperative

To meet any contingency that may arise in the operations of the cooperative, the accountable officers/employees of cooperatives shall submit a surety bond for the faithful performance of their functions following Articles 14(5) and 56 of RA No. 9520.

The following persons must be bonded:

1. Chairperson;
2. Treasurer;
3. Manager;
4. Cashier; and
5. Other officers or employees handling money and/or property

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 other assets of the cooperative at the time of registration.

Section 13. Registration Requirements.

The following documents shall be submitted to the Authority in four (4) copies, except for item (1) below:

1. Original copy of Cooperative Name Reservation Notice (CNRN);
2. Feasibility Study which contains the following items:

- 2.1 Organizational Structure
- 2.2 Purposes/Objectives
- 2.3 Area of Operation
- 2.4 Number of members/potential members
- 2.5 Market aspect
- 2.6 Technical aspect of the operation
- 2.7 Management aspect
- 2.8 Organizational/Management aspects
- 2.9 Financial aspect with a 3-year projection
- 2.10 Environmental and risk management aspects

3. Duly notarized Articles of Cooperation with signatures of all member cooperatives' representatives/cooperators on every page;
4. By-Laws with signatures of all member cooperatives' representatives/ cooperators on the adoption page;
5. Duly notarized Treasurer's Affidavit stating the total amount received from members' share capital contributions, membership fees, donations, or subsidies;
6. General Assembly Resolution of each member-cooperative stating that the general assembly has approved its membership and the exact amount of paid-up share capital contributions;
7. BOD resolution on authorized representative/s of each of the member-cooperatives; and
8. Surety bonds of accountable officers.

Section 14. Registration Fee

The registration fee to be paid by the proposed cooperative shall be one-tenth (1/10) of one (1%) percent of the total paid-up share capital, or One Hundred Thousand Pesos (P100,000.00), whichever is higher.

An additional Legal Research Fee (LRF) equivalent to one percent (1%) of the fee imposed shall be collected, but in no case shall the amount be lower than Ten Pesos (P10.00).

Section 15. Registration Procedure.

The registration shall follow the procedure of the approved Citizens Charter of the Authority.

Section 16. Jurisdiction.

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

Section 17. Validation Requirement

The Authority shall ensure that any proposed technology service cooperative applying for registration must comply with the basic requirements and the mandatory validation procedure.

The conduct of validation is governed by the provisions of CDA MC No. 2020-11, Series of 2020, or any other succeeding issuances of the Authority modifying or repealing the said MC.

Section 18. Licenses and Permits

Registered technology service cooperatives shall secure the necessary licenses or permits necessary for their operations from the appropriate regulatory agencies.

Section 19. Prohibited Practices and Activities. The following practices and activities are prohibited:

- a. Engaging in any business activities not related to Information Technology solutions/applications; and
- b. Engaging in any activity which is contrary to law, morals, public order, or public policy.

Section 20. Monitoring and Inspection.

CDA Regional Offices (ROs) shall monitor and conduct the inspection of technology service cooperatives within their jurisdiction to ensure compliance with this Guidelines, laws, rules, and regulations, issuances of the Authority, and other appropriate government agencies.

Section 21. Separability Clause

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

Section 22. 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 23. Effectivity

This Circular shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette and the filing of a copy thereof with the Office of the National Administrative Register (ONAR).

Approved by the Board of Directors per CDA Board Resolution No. 510, S-2021 dated October 13, 2021.

Date: November 3, 2021

For the Board of Directors:

USEC. JOSEPH B. ENCABO
Chairman