



# COOPERATIVE DEVELOPMENT AUTHORITY

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178-34



**MEMORANDUM CIRCULAR NO. 2021-15**  
**Series of 2021.**

**SUBJECT: GUIDELINES ON THE CLASSIFICATION OF COOPERATIVES ACCORDING TO STATUS**

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 Cooperatives According to Status."

**Section 2. Objectives.** This circular is being issued to prescribe guidelines on ascertaining the status of cooperatives in order to:

- a. generate/provide accurate statistical data on the status of cooperatives;
- b. determine appropriate interventions needed by the cooperatives; and
- c. implement processes required in the dissolution and cancellation of cooperatives.

**Section 3. Coverage.** This Guidelines shall apply to all types and categories of cooperatives registered with the Cooperative Development Authority (*Authority, for brevity*).

#### **Section 4. Status of Cooperatives**

Cooperatives may fall under any of the following status:

- A. Compliant;
- B. Non-Compliant;
- C. Under DLCD;
- D. Absorbed Cooperative; or
- E. Consolidated Cooperative.

#### **Section 5. Bases in Determining the Status of Cooperatives:**

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

Office of the Chairman : (02) 8721-5325  
(02) 8721-5324  
Office of the Administrator : (02) 8721-0633  
Officer of the Day : (02) 8725-3764



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1. Cooperatives registered with the Authority within the current year; or
2. Cooperatives issued with a valid Certificate of Compliance.<sup>1</sup>

**B. NON-COMPLIANT** - Cooperatives shall be declared as non-compliant under any of the following circumstances:

1. Cooperatives issued with a Show Cause Order (SCO) on the following grounds:
  - a. Failure to submit the required reports despite Notice of Non-Submission; or<sup>1</sup>
  - b. Violation of the Cooperative Code, rules and regulations issued by the Authority, Articles of Cooperation and By-laws, as a result of the inspection or examination conducted to the cooperatives.<sup>2</sup>
2. Cooperatives which failed to submit the required reports and were issued/sent with Notice of Non-Submission of required reports.<sup>3</sup>
3. Cooperatives which are under dissolution. Dissolution of cooperatives may either be voluntary or involuntary.<sup>4</sup>

#### 3.1 Voluntary Dissolution

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

#### 3.2 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

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<sup>1</sup> MC 2016-07 Amended Guidelines Governing the Issuance of Certificate of Compliance (COC)

<sup>2</sup> MC 2015-02 Guidelines on Inspection of Cooperatives (For Inspection), MC 2012-02 Guidelines on Inspection and Examination of Cooperatives (For Examination)

<sup>3</sup> Rule 8 Reports Required for Cooperatives, Revised Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008

<sup>4</sup> MC 2012-21 Manual on Dissolution, Liquidation, Cancellation and Delisting of Cooperatives



- 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 as follows<sup>5</sup>:

**1. Dissolved Cooperatives.**

1.1 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.

1.2. 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; or
- b. Upon issuance of the Order of Dissolution by the Authority.

**2. Cooperatives Under Liquidation.**

2.1 If the dissolution sought is voluntary, the cooperative is considered under liquidation upon issuance by the Authority of an order to commence the winding up of affairs and notice of appointment of the Board of Liquidators/Trustees.

2.2 In case of involuntary dissolution, the cooperative is considered under liquidation upon the appointment of a 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.

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<sup>5</sup> MC 2012-21 Manual on Dissolution, Liquidation, Cancellation and Delisting of Cooperatives

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.

D. **Absorbed Cooperatives.** In case of merger, this takes place upon issuance of the Certificate of Registration of Merger.<sup>6</sup>

E. **Consolidated cooperatives.** In case of consolidation, this takes place upon issuance of the Certificate of Registration.<sup>7</sup>

**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 November 3, 2021 per Board Resolution No. 553, Series of 2021.

Date: November 25, 2021

For the Board:

  
USEC. JOSEPH B. ENCABO  
Chairman

<sup>6</sup> Rule 5 Guidelines Governing the Procedure for Merger or Consolidation, Revised Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008; MC 2012-18 Guidelines on the Merger and Consolidation Procedures for Cooperatives

<sup>7</sup> Ibid.