



COOPERATIVE DEVELOPMENT AUTHORITY

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4X6-106



MEMORANDUM CIRCULAR NO. 2022- 28
Series of 2022

SUBJECT : GUIDELINES COVERING THE REGISTRATION OF PROPOSED CREDIT SURETY FUND COOPERATIVES THROUGH THE CREDIT SURETY FUND COOPERATIVE INFORMATION SYSTEM (CSFC-IS)

Pursuant to Republic Act No. 11364 otherwise known as the **Cooperative Development Authority Charter of 2019**, the Authority hereby issues the following Guidelines governing the registration of proposed CSF cooperatives and other related processes through the Credit Surety Fund Cooperative-Information System (CSFC-IS).

Section 1. Purpose

This guideline is prescribed to provide a policy framework for the implementation of effective, efficient technical assistance and computerized registration processes in granting juridical personality and other registration-related services to proposed CSF cooperatives, through the development and operationalization of enhanced registration systems and adhering to the existing policies which minimize the face to face transactions and expedite the registration process.

Section 2. Legal Bases

A. Section 4 (c) and (j) of Republic Act No. 11364 "**The Cooperative Development Authority Charter Act of 2019**".

"Section 4. Powers, Functions, and Responsibilities. The Authority shall have the following powers, functions, and responsibilities:

(c). Register all cooperatives including amendments to the Articles of Cooperation and Bylaws (ACBL), division, merger, and consolidation.

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xxx

xxx

(j). Prescribe and collect reasonable fees, fines, or charges in the performance of its registration and regulatory functions.

B. Section 8, of Republic Act No.10744 "**Credit Surety Fund Cooperative Act of 2015**".

"SEC. 8. **Registration**. – A CSF Cooperative formed and organized under this Act acquires juridical personality from the moment the CDA issues a certificate of



registration under its official seal. A certificate of registration issued by the CDA under its official seal shall be conclusive evidence that the CSF Cooperative is duly registered unless it is proven that the registration thereof has been canceled."

C. Section 136 of Republic Act No. 9520 otherwise known as the **"Philippine Cooperative Code of 2008"**

Article 136. Register of Cooperatives.

"The Authority shall establish a registry which shall contain a chronological entry of the name of every cooperative registered and dissolved under this Code, the basic information required for registration and dissolution, and any other information considered useful. xxx."

D. Section 5 of Republic Act No. 11032 otherwise known as **"The Ease of Doing Business and Efficient Government Service Delivery Act of 2018"**

"Sec. 5. Reengineering of Systems and Procedures. – All offices and agencies which provide government services are hereby mandated to regularly undertake cost compliance and analysis, time and motion studies, undergo evaluation and improvement of their transaction systems and procedures, and reengineer the same if deemed necessary to reduce bureaucratic red tape and processing time".

Section 3. Definition of Terms. As used in this Order, the following terms shall mean:

1. **Account Name** - shall refer to the name of the CDA employee issued with username and password to use and access the CSFC-IS.
2. **Authority** – shall refer to the Cooperative Development Authority.
3. **Credit Surety Fund (CSF)** – a fund generated from the contributions of well-capitalized and well-managed member-cooperatives/NGOs,- LGUs, GFIs, and other institutions/government agencies. In lieu of hard collaterals, the CSF shall serve as security for the loans that will be obtained by qualified borrowers from lending banks by way of a surety cover issued by the Board of Directors of the CSF Cooperative;
4. **CSFC-IS** – shall refer to the **Credit Surety Fund Cooperative- Information System**, a web-based information system that provides an online platform for evaluation, and approval of applications for registration of CSF cooperatives and its amendments.
5. **Certificate of Compliance (COC)**- shall refer to the certificate issued to all types of cooperatives after compliance with the rules of the Authority.

6. **Certificate of Registration (CoR)** – shall refer to the document issued by the Authority evidencing the registration of a cooperative and granting the latter its juridical personality.
7. **Chief Cooperative Development Specialist** – shall refer to the Head of the Technical Assistance Division-CSF Service.
8. **Client's Authorized Representative** – shall refer to a member of the cooperative or proposed CSF cooperative authorized to submit the documents for registration, modify/change the entry in the registration document, pay the required fees, to receive the Certification of Registration and all other acts related to registration of cooperatives.
9. **Cooperative Development Specialist II** – shall refer to the CDA technical personnel in the field assigned to validate, and check the authenticity of the documents and other requirements submitted for the registration of the proposed CSF Cooperative.
10. **IRR of CSF Act** – shall refer to the Implementing Rules and Regulations of RA 10744 Credit Surety Fund Cooperative Act of 2015.
11. **Landbank of the Philippines (LBP)** - a government financial institution and an Authorized Government Depository Bank (AGDB) duly organized and existing under Republic Act No. 3844.
12. **Order of Payment** – a document ordering the payment of money for the assessed amount of fees due to the Authority.
13. **Payment Confirmation Slip/Receipt** – an electronically generated document that serves as proof of successful payment
14. **Password** – shall refer to a secret sequence of characters issued to an account name to gain access to the CSFC-IS.
15. **Regional Offices (ROs)** – shall refer to the Authority's Regional Extension Offices.
16. **Registration** – shall refer to the operative act of the Authority granting juridical personality to a proposed cooperative and is evidenced by the Certificate of Registration.
17. **Registration Fee** – shall refer to the assessed amount required to be paid for registering new CSF cooperatives
18. **Senior Cooperative Development Specialist** – shall refer to the Senior Cooperative Development Specialist for Technical Assistance Division/ Registration Division.

19. **Supervising Cooperative Development Specialist** – shall refer to the Supervising Cooperative Development Specialist at the Technical Assistance Division/Registration Division of the Head Office.
20. **System Administrator** – shall refer to the authorized personnel of the MIS Unit of the CDA Head Office, in charge of the monitoring and administration of the CSFC-IS.
21. **Username** – shall refer to the unique sequence of characters issued to an account name used to identify a user and allow access to CSFC-IS.

Section 4. Scope.

All existing Credit Surety Funds (CSFs) established and launched by the Bangko Sentral ng Pilipinas (BSP) prior to the enactment of Republic Act No. 10744 and its Implementing Rules and Regulations (IRR) and those thereafter organized shall be covered by these guidelines.

Section 5. How and when to access the CSFC-IS

The Credit Surety Fund Cooperative Information System (CSFC-IS) may be accessed through the "Cooperative Registration" tab provided on the CDA Website via www.cda.gov.ph.

The CSFC-IS may be accessed anytime twenty-four (24) hours a day, seven (7) days a week including holidays, subject to service periods, maintenance time, computer, telecommunication, electrical or network failure, and/or any other reasons beyond the control of the Authority.

Section 6. CSF-IS Users. The following are the Users of the CSFC-IS:

A. Client's Authorized Representative

B. CDA Regional Extension Office

1. Regional Director

C. Head Office- Credit Surety Fund Service

1. Senior CDS
2. Supervising CDS-Alternate User*
3. Chief CDS
4. Director II- Alternate user*
5. Deputy Administrator

D. Head Office- Registration Division -RSES

1. Senior CDS
2. Supervising CDS-Alternate user*
3. Chief CDS

Section 7. Alternate User.

An alternate user may be able to access the system for evaluation/approval of pending applications for registration if the task has been delegated to him/her by the Authorized User when the latter is on an official leave of absence or unavailable.

At HO-CSF Service, the Chief CDS of TAD may delegate the evaluation/ approval to the Supervising CDS of TAD as an alternate user. The Deputy Administrator may delegate the evaluation/ approval to Director II as an alternate user.

At the HO – Registration Division, the Chief CDS may delegate the evaluation/ approval to the Supervising CDS as an alternate user.

Section 8. System Administrator

The Information Communication Technology Division (ICTD) of the Head Office shall have the following duties and responsibilities as System Administrator of CSFC-IS.

- Provide technical support for both hardware and software issues and concerns;
- Manage the configuration and operation of CSFC-IS;
- Monitor the system daily and respond immediately to security or usability concerns;
- Create and verify backups of data;
- Upgrade systems and processes as required for enhanced functionality and security issue resolution;
- Administrate infrastructure, databases, and other processes; and
- Review system logs.

Section 9. Account Name, Username and Password, and User Authorization.

The identified users of the CSFC-IS shall be given an individual account name, username, and password. Sharing of credentials is strictly prohibited.

Section 10. Creation and Control of Username/Password.

The ICTD, upon request of the Extension Office/Registration Division and approval of the RSES Director, be responsible for the issuance, change, and monitoring of the account names, user names, and access levels.

Section 11. Replacement of Authorized Users.

The RSES Director, CSFS Director, and the Regional Directors shall ensure that no new user shall access the CSFC-IS without the proper orientation and training on the system.

Section 12. Technical Assistance.

The CSF personnel at the Regional Offices shall provide Technical assistance to the proposed CSF cooperative prior to accessing the CSFC-IS and during the online encoding and uploading of documentary requirements.

Section 13. Procedures for Online Registration of CSF Cooperative

1. Account Creation

The client must click the **"Create an Account"** button and enter the information required: Basic Information, Address, Contact Details, Client Information, valid email address, and password.

Once logged in, a dashboard will appear and the client must click the "New Registration" button.

2. Encoding and uploading CSF Cooperative's Information

The client must fill out the online cooperative information form to generate the Economic Survey, Articles of Cooperation, By-Laws, and Treasurer's Affidavit.

Upload scanned copies of required documents and submit by clicking the submit button.

3. Processing, Review, and Approval of Application

The Authority, thru the authorized users, shall process and review the applications on the basis of the information submitted and documents uploaded to the CSFC- IS.

The client will be notified of the result of the evaluation which may either be approval or deferment in case there are findings.

In case of deferment, the client shall comply with the findings within forty-five (45) days from receipt of the letter from the Authority.

In case of approval, the client will be advised to print the generated documents.

All applications for registration shall be formally disposed of by the Authority within the period of sixty (60) days from the filing of complete documentary requirements. Otherwise, the applications are deemed approved unless the cause of the delay is attributable to the applicants.

4. Submission of Hard Copies of Documents

Once approved, the client shall print and submit in a such number of copies the required documents with the required signature of cooperators, including documents from other agencies within thirty (30) days from the date of email notification. Failure to submit the same shall be considered as an abandonment of the application and the same shall be purged from the CSFC-IS. For meritorious reasons, an extension of another 30 days may be granted upon request of the proposed CSF cooperative.

All documents submitted by the applicant shall be reviewed by the Registration Division for the purpose of verifying if the hard copies are exactly the same as the soft copies previously filed online. In case there are differences between the hard and soft copies submitted by the applicant to the Authority, the Certificate of Registration (COR) and Certificate of Compliance (COC) shall not be issued. Signatures of the cooperators shall likewise be validated.

5. Payment of Assessed Fees

Once the submitted documents are found to be in order, the client will receive payment advice through email. The client must log in to the CSFC-IS account and click the payment button, after which order of payment will be generated. Payment shall be made within five (5) days from notice. Failure to pay within the period shall result in the automatic removal of the application from the system.

The client has the option to pay online through LANDBANK or pay at the CDA Treasury the following fees:

- a. Registration fee of P 1,000.00
- b. Legal Research fee of P10.00;
- c. Certificate of Compliance (COC) fee of P 100.00

The client may also opt to request and pay for certified true copies in the desired quantity and their shipment/courier fee.

6. Issuance of Certificate of Registration and Certificate of Compliance (COC)

The Authority shall issue the Certificate of Registration (COR) and Certificate of Compliance (COC) upon confirmation, in case of online payment, or upon the issuance of official receipt, if the payment is through the CDA treasury.

Section 14. CSF Memorandum of Agreement (MOA)

The MOA refers to a contract signed by all stakeholders and the BSP for the purpose of creating a CSF Cooperative which specifically stipulates their respective amount of contributions to the Credit Surety Fund.

No CSF Cooperative shall be registered without the submission of an MOA whose form and substance shall be in accordance with that prescribed by the BSP.

Section 15. Conduct of Contributors Orientation Seminar (COS) and Issuance of the Certificate of COS

All contributors shall be required to undergo a COS jointly conducted by the Authority and the BSP prior to the launching of the respective CSF, in which case, the Certificate of COS shall be issued and signed by the authorized representatives of both the Authority and the BSP.

Existing CSFs established prior to the effectivity of the CSF Act and its IRR as well as those established until the year 2018, can however present a Certificate of COS solely issued and signed by the authorized representative of the BSP upon application for registration.

Section 16. Number of Members Required for Registration

A CSF Cooperative may be organized and registered with at least eight (8) members consisting of cooperatives, NGOs, GFIs, LGUs, and other government agencies.

Section 17. CSF Contributions

- a. The CSF contribution of a cooperative/ NGO shall not be less than One Hundred Thousand Pesos (P 100, 000.00). One percent (1.0%) of the contribution shall be booked as paid-up share capital while the ninety-nine (99.0%) shall be booked as Restricted Capital for Surety covered by an investment certificate. Contributions of cooperatives/ NGOs shall be fully paid prior to the signing of the CSF MOA and CDA registration.
- b. The amount of the LGU's initial contribution must be equal to or more than the aggregate contributions of the participating cooperatives/ NGOs.

- c. The contributions of GFIs and GAs which are treated as investments may or may not be equal to the total contributions of the member cooperatives/ NGOs.

Section 18. Capital Requirements

- a. The authorized share capital of a CSF 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 (25%) of the subscribed share capital shall be paid by the members prior to registration.
- b. The paid-up share capital shall be equivalent to one percent (1%) of the investment in the CSF but the total paid-up capital of the CSF Cooperative shall be at least twenty-five percent (25%) of the subscribed share capital but not less than Five Thousand Pesos (P5,000.00).
- c. The Restricted Capital for Surety or the Credit Surety Fund shall consist of 99% of the contributions of the cooperatives/ NGOs and of the investments of LGUs, GFIs, and Government Agencies (GAs). Grants and donations shall however be wholly booked as Restricted Capital for Surety,

The Restricted Capital for Surety or the Credit Surety Fund which shall be used as surety for the loans of qualified borrowers from lending banks shall not be deemed as part of the authorized share capital.

Section 19. Common and Preferred Shares

- a. The share capital of a CSF Cooperative may consist of common share capital and preferred share capital.
- b. Common shares refer to shares issued to member cooperatives/ NGOs and to GFIs and GAs that opted to treat their CSF contributions as investments.
- c. Preferred shares are shares issued to the LGUs.
- d. A member cooperative/ NGO may own more than ten percent (10%) of the total subscribed share capital of the CSF Cooperative but not more than fifty percent (50%).

Section 20. Bond of Membership

The bond of membership of a CSF Cooperative shall be associational or residential.

Section 21. Membership in More Than One CSF Cooperative

A cooperative may be a member of more than one CSF Cooperative provided that the former operates and has a branch or satellite within the latter's area of operation and as provided in its by-laws.

Section 22. Cooperative Name and Prohibition

The name of the CSF Cooperative shall always bear the name of the province/city where it is operating and the words "Credit Surety Fund (CSF) Cooperative"

The CDA will register the CSF Cooperative if its proposed name is not identical or confusingly similar to any existing CSF Cooperative or to any other name already protected by law.

Section 23. Requirements for Registration.

The following shall be the requirements for registration of the proposed CSF Cooperative that are to be uploaded in the system and subsequently, upon approval of the application, be submitted to the Authority in a such number of indicated copies:

1. Articles of Cooperation and By-Laws (ACBL)- **2 original copies and 2 photocopies for each;**
2. Sworn Statement of the Treasurer elected by the subscribers showing that at least twenty-five per centum (25%) of the authorized capital share has been subscribed at the time of registration and at least twenty-five percent (25%) of the total subscription has been paid upon subscription. Provided, that in no case shall be paid-up share capital be less than five thousand pesos (5,000) - **4 original copies.**
3. Surety Bond of Accountable Officers handling funds, properties, and securities -**1 original and 3 photocopies.**
4. Certificate of Contributors Orientation Seminar – **1 original and 3 photocopies;**
5. Economic survey except for CSFs established prior to the enactment of the CSF law and its IRR- **2 Original copies and 2 Photocopies;**
6. CSF MOA signed by all stakeholders and the BSP;
7. For cooperative members:

For cooperative members:

- a. Approved General Assembly Resolution duly signed by all members of the Board of Directors authorizing the cooperative to join or participate in the CSF Cooperative. Said resolution should indicate the amount of initial investment and names of one representative and one alternate (a board member and/or Manager) who are authorized to sign contracts or agreements with the CSF Cooperative;
- b. If the authority to join or participate in the CSF Cooperative is by virtue only of a Board Resolution, the applicant must execute an undertaking under oath, that said Board Resolution shall be presented and submitted for confirmation in the immediately succeeding General/Assembly meeting. The original copy of the GA Resolution confirming the authority of the cooperative to Join or participate in the CSF Cooperative shall be submitted to the Authority within thirty (30) days from the date of the GA meeting.
- c. Copy of the latest audited financial statements of the cooperative with the accompanying notes/schedules;
- d. Copy of Certificate of Registration with CDA and BIR;
- e. Certificate of Compliance from CDA;
- f. List of current Board of Directors, Manager, and Credit or Loan Officer, together with their curriculum vitae or information sheet; and
- g. Duly accomplished CSF Membership Application Form.

For NGO members:

- a. Articles of Incorporation and Bylaws;
 - b. Copy of Certificate of Registration with SEC and BIR;
 - c. Resolution duly signed by all members of the Board of Directors/Board of Trustees or Secretary's Certificate authorizing the NGO to join or participate in the CSF Cooperative. Said resolution should indicate the amount of initial investment and the names of one representative and one alternate who are authorized to sign contracts or agreements with the CSF Cooperative;
 - d. Copy of the audited financial statements of the NGO for the immediately preceding year duly stamped Received by the SEC with the accompanying notes/schedules;
 - e. General Information Sheet for the immediately preceding year duly stamped received by SEC;
 - f. List of current Board of Directors, Manager, and Credit or Loan Officer, together with their curriculum vitae or information sheet; and
 - g. Duly accomplished CSF Membership Application Form.
8. The resolution of the LGUs Sangguniang Panlalawigan (SP) or Sangguniang Panlungsod (SP), as the case may be indicating among others its commitment

to join the CSF Cooperative, which specific provisions must appear in the document:

- The amount of initial contribution which must be equal to or more than the aggregate contributions of the participating cooperatives/ NGOs;
- The contribution whether grant or donation; and
- Authority for the Local Chief Executive (LCE) to sign and execute the MOA with other stakeholders. **(1 original and 3 photocopies).**

9. Registration fee.

Section 24. Users' Manual.

The Users' manual shall provide the detailed procedures to guide the authorized and alternate users in the evaluation and approval of applications for registration of CSF Cooperatives.

Section 25. Citizens Charter

The procedure, processing time, checklist of requirements and fees to be paid shall be in accordance with the Citizen's Charter posted on the CDA Website.

Section 26. Contingency Plan

The Authority shall ensure continuity in the processing of applications for registration by means of the following:

- a. A briefing orientation to the users/ alternate users and all personnel involved in rendering technical assistance services to the client;
- b. A daily backup to the server in the absence of a Disaster Recovery Server which is needed in case of system downtime.
- c. If problems are encountered in the encoding of data, the ICTD of the Head Office shall assign technical personnel to assist the client and prepare a backup plan.
- d. In cases where LBP online payment cannot be accessed, the applicant shall have the option to use the Land Bank Link. Biz. Portal or Pay Over the Counter.

Section 27. Denial of Applications.

In case the denial of the application is overruled/reversed the processing of the application shall be re-activated.

Section 28. Administrative Sanction.

Transfer, sharing, or use of CSFC-IS Username and Password to another person constitutes GRAVE MISCONDUCT and shall be dealt with in accordance with the Civil Service Law, Rules, and Regulations.

Section 29. Repealing Clause

The following CDA Memorandum Circulars which are inconsistent with the provisions of this Circular are hereby repealed, amended, or modified accordingly:

1. Memorandum Circular 2018-05: Guidelines for Registration of Credit Surety Fund Cooperatives (CSF Cooperatives)
2. Memorandum Circular 2019-05: Relaxation of Documentary Requirements for Registration of CSF Cooperatives
3. Memorandum Circular 2019-13: Amending Sub-paragraph 2.a, Paragraph 3 Section 3 of MC 2019-05

Section 30. Effectivity.

These Guidelines shall take effect fifteen (15) days upon its approval by the CDA Board of Directors and submission of a copy hereof to the Office of the National Administrative Register (ONAR) and Official Gazette.

If any provision of this Guidelines is declared invalid and unconstitutional, the other provisions not affected by such declaration shall remain in full force and effect.

Approved by the Board of Directors, pursuant to BOD Resolution No. 660, series of 2022, dated July 27, 2022

Issued this 20th day of September 2022.

For the CDA Board of Directors:

By:

USEC. JOSEPH B. ENCABO
Chairperson

