



COOPERATIVE DEVELOPMENT AUTHORITY

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1180-149



MEMORANDUM CIRCULAR 2024- 04 Series of 2024

TO: ALL CONCERNED

SUBJECT: NEW POLICY GUIDELINES ON THE ESTABLISHMENT
AND OPERATION OF COOPERATIVE BRANCH OFFICE

Pursuant to Republic Act 11364 and RA 9520 and their respective Implementing Rules and Regulation, the Cooperative Development Authority (CDA) hereby promulgates the following guidelines for establishing a cooperative branch office.

Section 1. Legal Bases

This Memorandum Circular (MC) is issued on the following legal bases:

Article 2, paragraph 1 of RA 9520,

xxx. to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people's power towards the attainment of economic development and social justice. xxx

Republic Act No. 11364, particularly Section 4 (d)

xxx (d) Authorize the establishment of branches and satellite offices of cooperatives. Xxx

Section 2. Purpose

This MC shall prescribe the requirements for the orderly and systematic establishment of cooperative branch offices.

Section 3. Scope

All cooperatives intending to set up or those with existing cooperative branch offices shall be covered by these guidelines except Credit Surety Fund Cooperatives and Cooperative Banks.

Provided that cooperative banks shall be required to submit to the Authority a copy of the Certificate of Authority to establish or operate a branch granted by the Bangko Sentral ng Pilipinas.

Section 4. Definition of Terms

Authority – shall refer to the Cooperative Development Authority.

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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Branch Office – shall refer to a business office outside the principal office where cooperative activities and business operations are undertaken per the approved cooperative development plan.

Business Plan – shall refer to a business study showing the viability and marketability of products/services.

Certificate of Authority – The official document issued by the Authority authorizing the establishment and operation of a cooperative branch.

Full Business Operation – shall refer to the conduct of a complete cycle of cooperative business activity following the purpose/s of the cooperative as provided for in the articles of cooperation and bylaws, including acceptance and approval of membership application.

Inspection Report – shall refer to the document where the findings/observations, actions, and recommendations of the CDA-authorized person who conducted the inspection are summarized and presented.

Manual of Operation – shall refer to a document showing the compilation of detailed policies and procedures in the operation of the cooperative.

Net Worth – shall refer to equity inclusive of member's equity, donations, grants, and reserve funds less unbooked allowance for probable losses on loans, accounts receivable, investment and non-performing assets, and other capital adjustments as may be required by CDA.

Operating Capital- composed of cash and cash items that may be sourced from the contribution of shares, saving deposits from members, external borrowings, and collection of receivables.

Principal Office – shall refer to the registered head office as indicated in the cooperative's articles of cooperation and bylaws where the business and cooperative activities are conducted, and central records and main books of accounts are kept. It is also where the cooperative's officers and key management staff direct, control, coordinate, and manage its entire operation.

Validation - an activity or series of activities to ensure that the requirements for establishing branch offices are complete, correct, and in accordance with applicable laws. Validation may be conducted on-site or offsite.

Section 5. Qualification Requirements

Prior to the approval for the establishment of the cooperative branch office, the following requirements must be complied with:

5.1 The place of the proposed branch shall be within the area of operation of the cooperative;

5.2 The proposed establishment of a branch office shall be necessitated by the existence of members in the said place desiring to avail of the cooperative's services within their reach.

Provided that the number of existing members in the area to be served by the branch office is viable for the operation as shown in the business plan.

5.3 The principal office must have a minimum paid-up capital, as provided for in the Articles of Cooperation, to wit:

Paid-up Capital	Category of Coop
Php 15 Million	Primary
Php 20 Million	Secondary
Php 25 Million	Tertiary

Paid-up Capital	Special Type Cooperative
700 million	Insurance
150 million	Technology Service
15 million	Water Service

5.4 Each branch must have an available operating capital or as provided for in the Business Plan, whichever is higher, to wit:

Operating Capital	Category of Coop
Php 10 Million	Primary
Php 15 Million	Secondary
Php 20 Million	Tertiary

Operating Capital	Special Type Cooperative
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100 million	Insurance
70 million	Technology Service
10 million	Water Service

5.5 The cooperative did not incur a net loss for the last three consecutive years, and its net worth has been progressive over the previous three years from the date of application.

Section 6. Documentary Requirements

The cooperative shall submit a letter request signed by the Chairperson or General Manager as authorized by the Board and shall be accompanied by the following information/documents:

6.1 The business plan includes the proposed branch's financial, technical, legal, and organizational aspects. The financial aspect shall include financial projections for the first three years of operations showing sustained viability and the needed operating Capital of each proposed branch.

6.2 General assembly resolution authorizing the establishment of the branch and allocation of resources for its operation;

6.3 Certification signed by the Chairperson/General Manager stating the following:

6.3.1 Presence of Manual of Operations for Branch; and

6.3.2 Address of the proposed branch.

Section 7. Processing fee

The processing fee for issuing a Certificate of Authority for each branch shall be as follows:

Processing Fee	Category of Coop
Php 1,000.00	Primary
Php 3,000.00	Secondary
Php 5,000.00	Tertiary
Php 5,000.00	Insurance
Php 5,000.00	Technology Service Coop
Php 1,000.00	Water Service

Section 8. Continuing Qualification for a Branch Operation

Every cooperative authorized to establish a branch must continually keep and maintain therein the following:

- 8.1 Office Space;
- 8.2 Business signage as a cooperative branch office;
- 8.3 Manual of Operations;
- 8.4 Complete Management Staff;
- 8.5 Operations Plan and Budget;
- 8.6 Maintenance of Books of Accounts and Accountable Forms;
- 8.7 Display the following:
 - 8.7.1 Certificate of Registration;
 - 8.7.2 Certificate of Authority;
 - 8.7.3 Business Plate/permit;
 - 8.7.4 Certificate of Tax Exemption;
 - 8.7.5 Operational Structure; and
 - 8.7.6 Procedural Flow Chart of Business Transactions.
- 8.8 Appropriate logistics (e.g., computer, tables, chairs, cash register, cash vault or box, if applicable, etc.); and
- 8.9 The Authority may determine other conditions.

Section 9. Conduct of Validation

Applications for establishing branch offices shall be subject to validation. Where onsite validation is not possible, offsite validation may be conducted provided the applicant cooperative is duly notified in advance.

The validator may require additional documents to be presented during the validation.

(The assigned validator shall conduct validation within two (2) days from the assignment to ensure that the necessary data for preparing a complete report with recommendations are gathered).

Section 10. Jurisdiction

The approval and issuance of the Certificate of Authority shall be made by the Extension Office, where the principal office is located. The Administrator shall approve and issue the same for cooperatives registered with the Head Office.

In case the proposed branch is established outside the jurisdiction of the CDA registering Extension Office (EO)/Head Office (HO), the application shall still be filed with the said EO/HO. The latter shall evaluate the applicant cooperative's compliance

with the qualification and documentary requirements set forth in Sections 5 and 6 hereof, respectively. Upon finding that all the qualification and documentary requirements have been completely complied with, the registering EO/HO shall forward the application with the supporting documents and its appropriate recommendation to the EO that exercises jurisdiction over the place where the branch will be established.

The EO where the proposed branch will be established shall conduct a further evaluation with Sec. 5 and Sec. 6 hereof. Upon a finding that said requirements had complied entirely and that the operation and establishment of a branch by the applicant cooperative is viable and poses no harm to other cooperatives existing therein, said EO shall then issue a Certificate of Authority to the applicant cooperative.

Upon issuance of the Certificate of Authority, the issuing EO shall notify and furnish the registering CDA EO/HO where the main office of the applicant cooperative has registered a copy of the Certificate of Authority.

Section 11. Certificate of Authority

CDA shall issue a Certificate of Authority to cooperatives applying for a branch upon compliance with the requirements enumerated in Sections 6 and 7 hereof. Such certificate should bear the following information:

11.1 Control Number;

11.2 Name of the Cooperative, which shall be the same as the registered name

of the main branch;

11.3 Address of the principal/main office and the branch office;

11.4 Date and place of issuance; and

11.5 Signature of authorized CDA official.

Section 12. Inspection of Branch Offices.

The regular inspection shall be conducted by the Extension Office (EO) where the branch office is located. However, the inspection report shall then be forwarded to the EO having jurisdiction over the principal office of the cooperative for its consideration and appropriate action.

Section 13. Administrative Regulations

1. The branch office shall have a separate book of accounts;
2. There shall be a minimum of three (3) personnel to man the office, including a manager, bookkeeper, and cashier;

3. The cooperative branch shall adhere to its manual of operations;
4. The cooperative shall issue official receipts for financial transactions of the branch;
5. The Imprest system of handling cash shall be complied with at all times;
6. All branch offices must secure a barangay and mayor's permit;
7. The cooperative branch shall submit operational reports to the principal office, such as financial statements, cash flows, and other relevant information required by the main office and the Authority
8. The same report as mentioned in item 7 shall be submitted to the CDA Extension Office where the branch is located; and
9. The cooperative shall comply with the regulations of the Authority and other government agencies.

Section 14. Transfer and Closure of Cooperative Branch

The transfer and closure of cooperative branch offices shall be governed by MC 2020-17 and any amendments thereto.

Section 15. Change of Name and/or Address of the Cooperative

In case the cooperative amends its name and/or Address, said cooperative shall immediately apply for the change of a new Certificate of Authority within fifteen (15) working days upon receipt of the Certificate of Registration of Amendment.

Section 16. Sanctions

Any violation of this guidelines shall be grounds for the cancellation of the certificate of Authority after due process.

Section 17. Repealing Clause

This Memorandum Circular repeals MC No. 2015-11, dated December 3, 2015, and Section 3 of Memorandum Circular 2020-17, "Guidelines Governing the Closure, Transfer, and Conversion of Cooperative Branch or Satellite Offices," is hereby amended accordingly.

Section 18. Effectivity.

This MC shall take effect fifteen (15) days following its publication with the official gazette and completion of the filing with the Office of the National Administrative Register (ONAR).

Approved by the CDA Board of Directors pursuant to Resolution No. 870, s-2023 dated December 5, 2023.

Issued this 5th day of January, 2024

For the Board of Directors

By:
USEC. JOSEPH B. ENCABO
Chairman

