



Republic of the Philippines
OFFICE OF THE PRESIDENT
COOPERATIVE DEVELOPMENT AUTHORITY
5th Flr Ben-lor Bldg., 1184 Quezon Ave., Quezon City

August 3, 1992

MEMORANDUM CIRCULAR
NO. 92-007
Series of 1992

T O : ALL AREA DIRECTORS, DEPARTMENT DIRECTORS, DIVISION
CHIEFS, FEDERATIONS, UNIONS and OTHERS CONCERNED

SUBJECT : PROCEDURAL GUIDELINES

Please be informed that during the meeting of the Board of Administrators on July 28 and 29, 1992, the following procedural guidelines were approved, to wit:

RESOLUTION NO. 172, S-1992
July 28, 1992

"RESOLVED as it is hereby RESOLVED to approve the Procedural Guidelines on the Conversion of Samahang Nayons and Pre-Cooperatives Into Cooperatives Under RA 6938.


APPROVED."

RESOLUTION NO. 198, S-1992
July 29, 1992

"RESOLVED as it is hereby RESOLVED to approve the Guidelines for the Use of Share Books and the Issuance of Share Capital Certificates.

APPROVED."

The copies of the aforementioned procedural guidelines are hereto attached for your guidance and strict compliance.


EDNA E. ABERILLA
Chairman

PROCEDURAL GUIDELINES ON THE CONVERSION OF
SAMAHANG NAYONS & PRE-COOPERATIVES INTO
COOPERATIVES UNDER R.A. 6938

WHEREAS, it is known that Samahang Nayons; Pre-Cooperatives and Kilusang Bayan established and created under Presidential Degree 175 and Letter Of Implementation No. 23 are still existing and operating as such up to this time;

WHEREAS, PD 175 and LOI 23 have been expressly repealed by RA 6938 without however providing a system for the treatment of the Samahang Nayons and Pre-Cooperatives.

WHEREAS, if such Samahang Nayons and Pre-Cooperatives will not be converted into cooperatives, the national federations of cooperative rural banks, AMCs and CISPs, will collapse for not having a membership of duly registered cooperatives; and

WHEREAS, it is imperative to legalize the existence of Samahang Nayons under RA 6938 in order to enable them to operate and continue to contribute to the country's socio-economic progress or growth and to protect both the interest of the members of said Samahang Nayons and the public in general;

THEREFORE, in the interest of the public service and to protect the viability of the samahang nayons and pre-cooperatives, the CDA provides hereunder the procedural guidelines on the conversion of such Samahang Nayons and Pre-Cooperatives:

Section 1. Documents to be Surrendered.

A duly registered Samahang Nayon or a pre-cooperative may be converted into a cooperative upon surrender of the following documents to the CDA office.

- a) Certificate of Registration;
- b) Articles of Incorporation; and
- c) By-laws

Section 2. Requirements for Conversion

A Samahang Nayon or a Pre-Cooperative after compliance with

Section 1 above, shall submit the hereunder documents to the same CDA office.

- a) Four (4) copies of Articles of Cooperation in accordance with the Cooperative Code with Treasurer's affidavit;
- b) Four (4) copies of Bylaws in accordance with the Cooperative Code;
- c) Audited Financial Statements for the last two (2) Years preceding the conversion attested by AIC.
- d) Bond of Accountable Officers, and
- e) Registration Fee.

Provided, however that if there is an existing cooperative in the area wherein the Samahang Nayon to be converted is located, its economic feasibility and viability shall be determined and established.

Section 3. Registration of Samahang Nayon as a cooperative

Upon approval of the aforecited submitted documents; the CDA Extension Office concerned shall register such Samahang Nayon or Pre-cooperative as a cooperative. The Certificate of Registration shall be issued to it.

Section 4. Compliance

The cooperative, after registration shall comply with RA 6938, RA 6939, Rules & Regulations, CDA Issuances, its articles of cooperation and by-laws and other pertinent laws.

Section 5. Applicability

Such cooperatives shall be entitled to all the rights, privileges and benefits provided under RA 6938.

Section 6. Period for Conversion

Such Samahang Nayons and other pre-cooperatives are given until September 30, 1993 within which to convert themselves into a cooperative, otherwise, their Certificate as Samahang Nayon shall be cancelled automatically.

Section 8. Effectivity

These procedural guidelines shall take effect upon approval by the Board of Administrators.

APPROVED: July 8, 1992

FOR THE BOARD OF ADMINISTRATORS:



EDNA E. ABERILLA
Chairman

(b) On the first blank page of every share book, the CDS II shall make the following notation: "I have inspected and verified the _____ share book of the _____ cooperative, consisting of _____ pages"; wherein the first blank shall correspond to the number of the share book, the second blank is the full name of the cooperative and the third blank is the number of pages of such book. The notation shall be signed by the CDS II over his printed name and the date the notation was made.

(c) When the said share book is all filled up, the CDS II shall make the proper notation on the last page of said share book as follows: "I have inspected the _____ share book of _____ cooperative and all the pages thereof have been completely filled up." He shall then sign the said notation over his printed name and the date he made such verification.

SECTION 6. Duties of the Cooperative Secretary. - In addition to those duties and functions of the secretary of the cooperative as stated in the by-laws, the secretary shall-

- (a) Keep and maintain the share books in proper order for the examination and inspection of the members of the cooperative and the representatives of the Authority;
- (b) Religiously fill in all the data required whenever a member transacts business using his share capital contributions;
- (c) On the last page of every share book, he shall state that "I have filled in each and every space in the share book, without leaving any blank spaces and that all errors have been properly crossed out with a single horizontal line and such error bears my initials." Such statement shall be signed by the secretary over his printed name and the date he made such statement and
- (d) Make, execute and issue the requisite share capital certificates for shares fully paid-up by the members.

SECTION 7. Share Capital Certificates. - (a) A share capital certificate is a document issued by the cooperative, under its seal, if any, evidencing that a member has contributed a sum of money or value of property received by the cooperative corresponding to his share in the contribution.

(b) The share capital certificate may be in any form in either of the national languages of the Philippines so long as it is legible.

(c) The share capital certificate shall contain the following information:

1. The serial number of the share capital certificate;
2. The name and address of the cooperative issuing such certificate;
3. The name and address of the member to whom such certificate was issued;
4. The number of shares fully paid-up by the member;
5. The par value of each share which shall not be less than One Peso (P1.00);
6. The total value of such shares contributed by the member;
7. The date of issuance of such share capital certificate;
8. The printed names and signatures of chairman and the secretary of the cooperative issuing such certificate; and
9. The seal of the cooperative, if any.

SECTION 8. Reports. (a) Within the first five (5) days of every month, the CDS II shall attach to his report a list of cooperatives whose share books he has verified. Such list shall also contain the date when he conducted such verification.

(b) The cooperative secretary shall submit a list of the share certificates issued by him together with their value along with the annual report.

SECTION 9. Rights to inspect. The share book shall be among the books and/or documents which shall be kept open for inspection and examination by members of the cooperative and/or representatives of the Authority.

SECTION 10. Effectivity. These Guidelines shall take effect upon approval.

APPROVED. July 29, 1992.

FOR THE BOARD OF ADMINISTRATORS:


EDNA E. ABERILLA
Chairman