



# COOPERATIVE DEVELOPMENT AUTHORITY

827 Aurora Blvd., Service Road, Brgy. Immaculate Concepcion, Cubao, 1111 Quezon City, Philippines

cda.gov.ph

helpdesk@cda.gov.ph

CDA Philippines



International Year  
of Cooperatives®

Cooperatives Build a Better World

## MEMORANDUM CIRCULAR NO. 2025 - 06 Series of 2025

### SUBJECT: UNIFORM PROCEDURE FOR THE FILING OF SURETY BOND IN APPLICATIONS FOR CEASE AND DESIST ORDER (CDO) AND IN MOTIONS FOR THE ISSUANCE OF WRIT OF EXECUTION PENDING APPEAL

Pursuant to Section 5, Article X, Rule VI of the Cooperative Development Authority (CDA) Omnibus Rules of Procedure (Omnibus Rules for brevity) pertaining to the adjudicatory powers of the Authority under Republic Act (R.A.) No. 11364, also known as the "CDA Charter of 2019," as implemented by the CDA Omnibus Rules of Procedure, and paragraph (d), Section 1, Rule VII of Memorandum Circular No. 2023-14 or the "CDA Implementing Rules and Regulations of the Financial Products and Services Consumer Protection Act" or the "CDA FCPA IRR", the following guidelines are hereby promulgated:

**Section 1. Legal Bases.** The legal bases of this issuance are the following:

**a. Paragraphs (a), (t), and (v) of Section 4 (*Powers, Functions and Responsibilities*) of Republic Act No. 11364 (RA 11364)**

- i. **Section 4 (a)** Develop and formulate, in consultation with the cooperative sector and other concerned institutions, appropriate regulations, standards, rules, orders, guidelines and/or circulars to implement this Act and Republic Act No. 9520 to ensure the effective and sound operation of cooperatives;
- ii. **Section 4 (t)** Hear and decide inter-cooperative and intra-cooperative disputes, controversies and/or conflicts, without prejudice to filing of civil and/or criminal cases by the parties concerned before the regular courts: *Provided*, That all decisions of the Authority are appealable directly to the Court of Appeals;
- iii. **Section 4 (v)** Issue cease and desist orders to cooperatives and responsible parties specified under Article 137 of Republic Act No. 9520, and such other orders and notices to preserve the assets and documents of the cooperatives subject of the dispute or litigation;

**b. Section 5 of Article X and Section 2 of Article XV of Rule VI (Adjudication) of the CDA Omnibus Rules of Procedure (*Omnibus Rules for brevity*)**

- i. **Article X, Section 5. Bond.** If the application for issuance of a cease and desist order is granted, the Hearing Officer shall require the applicant to file a bond to answer for whatever damages that the adverse party may sustain by reason of the order, if it should be later decided that the applicant is not entitled thereto.

U.P. LAW CENTER  
OFFICE of the NATIONAL ADMINISTRATIVE REGISTER  
Administrative Rules and Regulations

**R** JUN 03 2025 **D**  
**REGISTERED** **25-0596**

ONAR Registration  
TIME: \_\_\_\_\_

BY:

Office of the Chairman: (02) 8721-5325 / (02) 8721-5324

Office of the Administrator: (02) 8721-0633

Officer of the day: (02) 8725-3764



Management  
System  
ISO 9001:2015  
www.tuv.com  
ID: 9109070722



- ii. **Article XV, Section 2. Execution Pending Appeal.** Any motion for execution of the decision of the Regional Director pending appeal shall be filed before the Board which may grant the same upon meritorious grounds upon the posting of a sufficient bond in the amount conditioned for the payment of damages which the aggrieved party may suffer if the final order or decision is reversed on appeal.
- c. **Paragraph (d), Section 1, Rule VII of Memorandum Circular No. 2023-14 or the “CDA Implementing Rules and Regulations of the Financial Products and Services Consumer Protection Act” or the “CDA FCPA IRR”**

## **RULE VII ENFORCEMENT AND ADMINISTRATIVE SANCTIONS**

**SEC 1. ENFORCEMENT.** The Authority shall have the power to impose enforcement actions after due process, on CDA-Regulated Entities (CDAREs) for failing to comply with the FCPA, this Rules, and other relevant laws and regulations. Such enforcement actions may include the following, among others:

xX

- d. Issuance of a cease and desist order (CDO) to the CDARE without the necessity of a prior hearing if in the Authority’s judgement, the act or practice, unless restrained, amounts to fraud or a violation of the provisions of the FCPA and this Rules, or may unjustly cause grave or irreparable injury or prejudice to financial consumers. The CDARE shall be afforded an opportunity to defend its act or practice in a summary hearing before the Authority, upon request made by the CDARE within five (5) working days from receipt of the order. If no such hearing is requested within the said period, the order shall be final. If a hearing is requested by the CDARE, the proceedings shall be conducted summarily without strictly adhering to the technical rules of evidence, and all issues shall be determined primarily on the basis of records, after which the Authority may either reconsider, modify or affirm its order. It is understood that the foregoing shall be without prejudice to the application of the rules of procedure as may be promulgated by the Authority.

xX

**Section 2. Purpose.** This Memorandum Circular intends to establish a standardized process for parties in the submission of applications for Cease and Desist Orders (CDO) and/or Motions for the Issuance of Writ of Execution Pending Appeal, in accordance with the provisions outlined in the Omnibus Rules.

### **Section 3. Definition of Terms.**

- a. **Movant** - The party in a case who files an application for the issuance of CDO.
- b. **Applicant** - This term applies to the winning party in a case who filed a motion for execution of the decision of the Regional Director pending appeal.



- c. Cease and Desist Order - is a written order directing a proper party to immediately refrain from doing a particular act or acts pending the resolution of the case.
- d. Motion for the Issuance of a Writ of Execution Pending Appeal - On motion of the prevailing party with notice to the adverse party filed in the tribunal while it has jurisdiction over the case and is in possession of either the original record or the record on appeal, as the case may be, at the time of the filing of such motion, said tribunal may, in its discretion, order execution of a judgment or final order even before the expiration of the period to appeal.

After the tribunal has lost jurisdiction, the motion for execution pending appeal may be filed in the appellate court.

- e. Surety bond - is a promise to pay one party a certain amount if the second party fails to meet some obligations, such as fulfilling the terms of the contract. It is an agreement whereby one person, the surety, engages to be answerable for the debt, default or miscarriage of another, known as the principal.

**Section 4. Scope and Coverage.** This Guideline shall apply to cases docketed for adjudication where a party submits an application for the issuance of Cease and Desist Order and/or Motion for the Issuance of a Writ of Execution Pending Appeal and, if granted, the posting of the required bonds pursuant to the provisions of the CDA Omnibus Rules and Republic Act No. 11765 as follows:

- a. Application for the issuance of Cease and Desist Order based on:
  - i. CDA Omnibus Rules of Procedure - Section 4, Article X of Rule VI
  - ii. CDA FCPA IRR - Section 1 (d) of Rule VII
- b. Motion for the Issuance of a Writ of Execution Pending Appeal on Decisions of the Regional Director which can be filed before the Board - Section 2, Article XV of Rule VI of the CDA Omnibus Rules of Procedure.

#### **Section 5. Filing of Bond.**

The applicant/movant for the issuance of a CDO or the applicant/prevailing party who files a motion for the issuance of writ of execution pending appeal must secure a surety bond from an accredited bonding company of the Insurance Commission (IC), in an amount to be determined, where the rate shall be based on an appropriate issuance by the IC. The said surety bond shall correspondingly be filed with the proper CDA office where the action of the proceeding is pending by the same bonding company. In effect, the movant/applicant will pay to such person or party damages which he/she may sustain by reason of the CDO if the CDA should finally decide that the applicant/movant is not entitled thereto, or damages arising from the issuance of writ of execution pending appeal in the event that the final order or decision is reversed on appeal.

In this connection, the required bond to be filed by the bonding company as secured by the applicant/movant in a case shall be in the form of a surety bond only.

Upon approval of the requisite bond, the CDO or the Writ of Execution pending appeal shall be issued.

#### **Section 6. Filing of Surety Bond.**

An application for the issuance of a CDO or Motion for the Issuance of a Writ of Execution Pending Appeal, once granted, shall be perfected upon posting of the required bond, which shall be in the form of a surety bond in an amount equivalent to the monetary award, if there be any, including the amount of the damages that may be suffered or sustained, and the attorney's fees, among others.

The surety bond shall be issued by a bonding company accredited by the IC and shall be accompanied by original and certified true copies of the following upon its submission to the CDA:

- a. A declaration under oath/certification under oath from the bonding company attesting that the bond posted is genuine, and shall be effective until final disposition of the case;
- b. An indemnity agreement between the applicant/movant or the prevailing party and the bonding company;
- c. Certificate of Authority from the Insurance Commission;
- d. Proof of security deposit or collateral securing the bond: provided, that a check shall not be considered as an acceptable security;
- e. Notarized board resolution or secretary's certificate from the bonding company showing its signatories and their specimen signatures; and
- f. Administrative Order issued either by the Office of the President or the Insurance Commission, granting the bonding company an authority to issue surety bonds or to participate in government projects.

The Authority shall not accept a surety bond issued by a blacklisted or delinquent bonding company as determined by the Insurance Commission.

The applicant/movant or the prevailing party shall furnish the other party with a certified true copy of the said surety bond certificate with all the above-mentioned supporting documents.

Upon discovery that the bond is irregular or not genuine, the Authority shall cause the reversal of the CDO or Writ previously granted, and may undertake the necessary action as it may deem necessary.

#### **Section 7. Validity of the Bond Filed.**

An appeal bond shall be valid and effective from the date of deposit or posting until the case is finally decided, resolved, or terminated, or the award satisfied. This condition shall be deemed incorporated in the terms and conditions of the surety bond, and shall be binding on the applicant/movant and the bonding company.



For surety bond in applications for CDO, it shall be understood that the validity of the said bond shall depend on the premium covered for as determined based on the threshold amount *vis-à-vis* the rates provided in an issuance relative to the filing of surety bonds by the Insurance Commission, duly observed and recognized in court processes.

The surety bond shall serve as security and protection for both parties who stand to be benefited or injured by the remedy prayed for the filing and acceptance of which makes it non-refundable whether the instant application/motion be granted or denied. Resolution of the said application/motion will not, in any case, warrant its return whether the same may be in favor or adverse to the applicant/movant.

In case the surety bond has already expired during the pendency of the case, the applicant must renew the same, otherwise, the CDO shall be lifted.

**Section 7. Liability of the Bonding Company.** The bonding company, upon the execution of the bond agreement and proper filing thereof with the Authority, shall be solidarily liable to pay for the amount of the premium covered by the bond once it has been established that there is default on the part of the losing party and a notice of demand due to non-performance was given and duly received by the concerned party.

**Section 8. Exemption from Filing of Bond.** Motu proprio applications for CDO and Motion for the Issuance of Writ of Execution Pending Appeal by the Authority including those filed by government agencies shall be exempt from the requirement of filing of bonds in accordance with the existing jurisprudence.

**Section 9. Effectivity.** This Circular shall take effect immediately after the filing of the copy thereof with the Office of the National Administrative Register (ONAR) and its publication in the Official Gazette or in a newspaper of general circulation.

Approved by CDA Board of Directors per Board Resolution No. 166, S-2025, dated March 25, 2025.

Issued this 13th day of May, 2024, at Quezon City, Philippines.

**FOR THE CDA BOARD OF DIRECTORS**

By:



**USEC. ALEXANDER B. RAQUEPO**  
Chairman