

GUIDELINES FOR THE REGISTRATION OF NEW COOPERATIVES

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The Cooperative Development Authority (CDA), pursuant to the powers vested in it by Republic Act No. 6939, hereby promulgates the following guidelines for the registration of new cooperatives.

SECTION 1. Title — These guidelines shall be known as the "Guidelines for the Registration of New Cooperatives".

SECTION 2. Policy — It is the declared policy of the State to foster the creation and growth of cooperatives as practical vehicles for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice.

SECTION 3. Purpose — These guidelines are issued to insure that proposed cooperatives are viable and comply with registration requirements the Code and policies of the Authority.

SECTION 4. Coverage — These guidelines shall cover all types and categories of cooperatives except those covered by Chapters XI, XII, XIII, and XV of the Cooperative Code. (R.A. 6938)/

SECTION 5. Definition of Terms — As used in these guidelines, the following terms shall be defined as follows:

- a. Authority refers to the Cooperative Development Authority.
- b. Cooperative is a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.
- c. Registration is the operative act of the Authority granting juridical personality to a proposed cooperative and is evidenced by the Certificate of Registration.
- d. Primary Cooperative is a cooperative the members of which are natural persons.
- e. Secondary Cooperative is a cooperative the members of which are primaries.
- f. Tertiary Cooperative is a cooperative the members of which are secondaries upward to one (1) or more apex organizations.
- g. Federation of Cooperatives is a cooperative the members of which are primary and/or secondary engaged in the same line of economic activities whether single or multi-purpose.
- h. Cooperative Unions are cooperatives at the appropriate levels performing non-business functions and which are organized for the purpose of representing the interest and welfare of all types of cooperatives, regardless of the line of business activities.
- i. Laboratory Cooperative is one formed and managed principally by minors and which is affiliated with a registered cooperative.
- j. Common bond of membership is a pre-existing condition or conditions which cause individuals to associate, to

know each other, to have common objectives and purposes and to work together to achieve such objectives and purposes.

k. Area of operation means a territory wherein the cooperative operates which may or may not coincide with the political boundaries of the country.

l. Share refers to a unit of share capital the par value of which is fixed at any figure but shall not be less than One Peso (P1.00) and may be divided into common share capital and preferred share capital.

m. Credit Cooperative is one which primarily promotes thrift among its members and creates funds in order to grant loans for productive and providential purposes.

n. Consumers Cooperative is one the primary purpose of which is to procure and distribute commodities to members and non-members.

o. Producers Cooperative is one that under-takes joint production whether agricultural or industrial.

p. Marketing Cooperative is one which engages in the supply of production inputs to members and markets their products.

q. Service Cooperative is one which engages in medical and dental care, hospitalization, transportation, insurance, housing, labor, electric light and power, communication and other services.

r. Multi-Purpose Cooperative is one which combines two (2) or more of the business activities of the different types of cooperatives.

s. Business functions shall mean transactions such as but not limited to marketing, distribution, credit, banking, housing, insurance, trading, transportation, utilities, and such other activities and services of the cooperative wherein surplus can be earned by the cooperative.

t. Non-business functions refer to representation, education, training, audit, research and such other allied services which may be needed by the members or other cooperatives.

SECTION 6. Officers Responsible for Registration — (a) The Authority's Extension Offices, within their respective jurisdictions, shall register the following:

1. Primary cooperatives; and
2. Secondary cooperatives at the city, municipal, provincial and regional levels.

b. The Authority's Central Office shall register the following types of cooperatives:

1. Secondary and tertiary cooperatives at the inter-regional and national levels;
2. Cooperatives governed by the special provisions of the Cooperative Code except credit cooperatives.

SECTION 7. Membership Requirements — (a) For primary cooperatives, fifteen (15) or more natural persons who are Filipino citizens, having a common bond of interest and are residing or working in the intended area of operations is required for registration.

b. For secondary and tertiary cooperatives, at least fifteen (15) cooperatives shall be required for registration; Provided, however, That at least five (5) cooperatives may apply for registration with the condition that the secondary cooperative will reach the required number of fifteen (15) member-cooperatives within three (3) years from its registration.

SECTION 8. Capital Requirements — (a) All cooperatives shall be organized with share capital. The authorized share capital of a cooperative shall be provided for in its Articles of Cooperation. At least twenty-five per cent (25%) of the authorized share capital shall be subscribed by the members and at least twenty-five per cent (25%) of the subscribed share capital shall be paid by the members upon registration.

b. The paid-up capitalization requirement for primary cooperatives shall in no case be less than Two Thousand Pesos (P2,000.00).

c. For secondary and tertiary cooperatives, the required paid-up capitalization shall be evaluated based on the activities to be undertaken as per the economic survey submitted.

SECTION 9. Cooperative Name — (a) The word Cooperative shall be included in the name of the cooperative, and unless it is duly registered with the Authority, no organization is allowed to use the word "cooperative" in its business name or title.

b. For purposes of distinguishing a cooperative from the organizations registered by the Securities and Exchange Commission (SEC), the word "Incorporated" or its equivalent abbreviation shall not be required in the name of a cooperative.

c. A cooperative shall not include the words "federation" or "union" in its name unless it applies for registration as a federation or union.

SECTION 10. Provisionally Registered Cooperatives — (a) No cooperative shall be registered provisionally or conditionally.

b. Cooperatives provisionally registered under previous laws shall be registered as new cooperatives after complying with the requirements of the Code for registration of cooperatives; Provided, however, That such cooperatives shall submit a copy of their audited financial statements covering the last fiscal year.

SECTION 11. Registration Documents — For purposes of registration, the following documents shall be submitted to the Authority:

a. Four (4) copies of the Economic Survey, describing the following:

- Organizational structure;
- Purposes;
- Economic Feasibility Study;
- Area of Operation, specifying which barangay, municipality, etc.
- Number of initial members and potential members; and
- Other pertinent data such as all types of cooperatives operating in the area.

b. Four (4) copies of the duly notarized Articles of Cooperation and the approved By-Laws of the cooperative;

c. Four (4) copies of the Treasurer's Affidavit, stating:

- At least twenty-five per cent (25%) of the authorized share capital has been subscribed by the cooperators;
- At least twenty-five per cent (25%) of the subscribed share capital has been paid-up by the cooperators; and
- The amount of paid-up capital that has been received by the Treasurer.

- d. Four (4) copies of the bonds required for accountable officers; and
- e. The registration fee, payable to the Authority in cash or in Postal Money Order form.

SECTION 12. Submission of Documents — The documents required for registration may be written in English or the national language of the Philippines.

SECTION 13. Common and Preferred Shares — (a) Should the cooperative wish to have common and preferred shares, statements to the effect should appear in the Articles of Cooperation specifying the amount of shares that are to be offered for common shares and for preferred share. However, it is preferable that only the common share be offered.

b. Should preferred share capital be included, the rights and privileges of shareholders of preferred shares shall be placed in the By-Laws of the cooperative.

c. Preferred share capital shall not exceed one-fourth of the total authorized share capital of the cooperative. The twenty-five (25%) rule on the subscribed and paid-up share capital shall be applicable to the common share capital contribution only.

SECTION 14. Responsibility of Organizing Agencies and Individuals — Federations, unions, training centers, non-government organizations, government organizations and individuals concerned with the organization and promotion of cooperatives are morally obliged to render assistance in the pre- and post-registration of such cooperatives up to the point of self-reliance.

SECTION 15. Certificate of Undertaking — Upon the submission of the economic survey of a proposed cooperative, the chairman or the duly authorized representative shall be required to execute a certificate of undertaking, in the form provided, to change the name of the proposed cooperative in the event that another cooperative has acquired a prior right to the use of the name proposed.

SECTION 16. Pre-Membership Education Seminar — The conduct of a Pre-Membership Education Seminar (PMES) for new cooperative is not a mandatory requirement for registration. However, the Authority encourages the conduct of the PMES in order to inculcate within its cooperators the basic principles and practices of cooperativism. The regular PMES will be conducted in accordance with the by-laws of the cooperative.

SECTION 17. Common Bond of Membership — The common bond of membership is categorized into four (4). Only one common bond or field will be adopted by the cooperative. The categories are the following:

- a. Residential membership wherein the members are residents or are working within the defined area of operation;
- b. Institutional, which is applicable if the field of membership is exclusively for the employees of the corporation, agency, institution or other aggregation, whether public or private;
- c. Associational, wherein the field of membership is exclusively for the members of an association, organization, religious, or civic group; and
- d. Occupational which will apply if the field of membership is exclusively for the groups of professionals, such as lawyers, doctors, accountants, engineers, or other similar recognized professions.

SECTION 18. Dual Membership — A prospective cooperative shall include in its by-laws a provision of allowing members of existing cooperatives of the same type within the same area of operation to be members of the proposed cooperative unless they resign from the former.

SECTION 19. Pre-Cooperatives, Samahang Nayons, and Other Self-Help Groups Engaging in Economic

Activities — (a) Pre-cooperatives, samahang nayons and other self-help groups engaging in economic activities may be converted into cooperatives upon application for registration and the submission of the documents required in Section 11 hereof; Provided That, in lieu of an economic survey, duly audited financial statements by the Audit and Inventory Committee shall be submitted.

SECTION 20. Registration of Amendments — Pursuant to Article 18 of the Code, the following are the requirements for the registration of amendments of the Articles of Cooperation and the By-Laws of a cooperative:

- a. Four (4) copies of the amended articles/sections conforming to all the provisions required by law. Amendments shall be indicated by underscoring or otherwise appropriately indicating the change or changes to be made.
- b. All copies shall be duly certified under oath by the cooperative's Secretary and a majority of the board of directors stating the fact that said amendment or amendments have been duly approved by at least two-thirds (2/3) vote of all the members with voting rights.
- c. A fee for the registration of amendments shall be charged payable to the Authority in cash or in Postal Money Order.

SECTION 21. Bonding Requirements of Accountable Officers/Employees of the Cooperative — In order to meet any contingency that may arise in the operations of the cooperative, accountable officers/employees of cooperatives shall submit a bond for the faithful performance of their functions in accordance with Articles 14(5) and (57) of the Code and in accordance with the following sub-sections:

- a. The following persons shall be bonded:
 - Treasurer and Cashier;
 - Manager
 - Warehouseman;
 - Signatories of checks and other financial instruments; and
 - Such other persons as may be authorized by the cooperative to act as a custodian of funds, merchandise, inventories, securities and other assets of the cooperative.
- b. The following types of bonds are acceptable:
 - Real Estate Bond;
 - Cash Bond; and
 - Surety/Performance Bond.
 - Others (Included per Board Resolution No. 212, s. 1992)
- c. The amount of the bond shall be based on the initial networth of the cooperative which shall include the paid-up capital, the membership fees and the other assets of the cooperative at the same time of registration.
- d. Every director, officer and employee handling funds, securities or property on behalf of any cooperative shall execute and deliver adequate bonds for the faithful performance of his duties and responsibilities. The board of directors shall determine the adequacy of such bonds.

SECTION 22. Required Period for Approval of Registration — (a) An application for registration shall be finally disposed of by the Authority within a period of thirty (30) days from the filing thereof. Otherwise, the application

is deemed approved unless the cause of the delay is attributable to the applicant.

b. In the case of denial by the Authority, appeal of such denial may be sent to the Office of the President within ninety (90) days from receipt of the notice of denial.

c. The failure of the Office of the President to act on the appeal within ninety (90) days from the filing thereof shall mean the approval of said application.

SECTION 23. Repeal — All previous circulars and guidelines issued by the Authority which are inconsistent with these guidelines are hereby repealed, or modified accordingly.

SECTION 24. Effectivity — These guidelines shall take effect upon the approval of the Board of Administrators.

SECTION 25. Approval — Approved by the BOA on March 17, 1992.

Adopted: 17 Mar. 1992

(Sgd.) EDNA E. ABERILLA
Chairman
Board of Administrators

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