SIMPLIFIED GUIDELINES ON MERGER AND CONSOLIDATION OF COOPERATIVES (RESOLUTION NO. 73, S. 1996 DATED FEBRUARY 26, 1996)

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Pursuant to the provisions of Article 21 (3) of R.A. 6938, otherwise known as the Cooperative Code of the Philippines, and Section (3) Rule 6, Rules and Regulations Implementing Certain Provisions of the Cooperative Code of the Philippines, the CDA issues the following guidelines governing the procedure of merger or consolidation.

SECTION 1. Definition of Terms —

Merger — is a union whereby two or more existing cooperatives are absorbed by another cooperative which survives and continues the combined business.

Consolidation — is a union of two or more cooperatives to form a new cooperative called a consolidated cooperative.

SECTION 2. Plan of Merger and Consolidation — A Plan of merger or consolidation may be initiated either by:

a. The Board of Directors through a resolution duly approved by a majority of the Board of Directors; or

b. The General Assembly represented by at least 10% of the total members with voting rights with notice to Board of Directors regarding such plan.

SECTION 3. Contents of the Plan — The plan of merger or consolidation shall include the following:

a. The rationale for such merger or consolidation;

b. On merger — (i) The names, addresses, dates and numbers of registration of the constituent cooperatives and their respective areas of operation; (ii) the proposed amendments to the surviving cooperative's articles of cooperation and by-laws;

c. On consolidation — (i) the names and addresses of the consolidated cooperatives and their areas of operation; (ii) the proposed articles of cooperation and by-laws.

d. The duly audited statements of financial condition to include the schedules of assets, liabilities and capital of the merging or consolidating cooperatives; and

e. List of members of each cooperative intending to merge or consolidate, duly certified by their respective board secretaries and attested by the Board Chairmen.

SECTION 4. General Assembly Meeting — The Board of Directors of all merging or consolidating cooperatives shall call their respective General Assembly Meetings to act on such plan of merger and consolidation with notice to all members of record and creditors, thirty (30) days prior to scheduled meeting.

SECTION 5. Approval of the Plan of Merger or Consolidation — No merger or consolidation shall be valid unless

the plan is approved by two-thirds (2/3) of all the members eligible to vote for each of the constituent cooperatives at separate general assembly meetings.

SECTION 6. Dissenting Members — Dissenting members of each cooperative may withdraw their membership in accordance with Articles 31 and 32 of R.A. 6938. Such members shall be entitled to a refund of their share capital and all other interests in the cooperative within thirty (30) days from the date of the notice of withdrawal.

SECTION 7. Publication — (a) Within seven (7) days after the date of approval of the merger or consolidation, the officers of the merging or consolidating cooperatives shall publish an announcement of such merger or consolidation once a week for three (3) consecutive weeks in a national or local newspaper in their areas of operation. Said publication may also be supplemented by radio and television announcements.

(b) Alternative Publication — The announcement of the merger or consolidation may also be done by posting in at least three (3) conspicuous public places including the barangay, municipal or provincial halls within the area of operations of the cooperatives. All expenses incurred in the publication and posting shall be paid from the funds of the merging or consolidating cooperatives.

(c) Notice to Creditors — The officers of the merging or consolidating cooperatives shall send letters by registered mail to the creditors of their respective cooperatives announcing such merger or consolidation.

(d) Objections — Any person objecting to the merger or consolidation of the cooperatives shall file his objections with the CDA within thirty (30) days after the last date of publication or posting of the announcement. The CDA may conduct hearings to resolve any objection raised. Such hearings shall be terminated within three (3) months from the receipt of such objections.

SECTION 8. Requirements for Registration — The officers of merged or consolidated cooperatives shall file with CDA, within fifteen (15) days from last date of publication or posting of announcement, the following documents in four (4) copies:

a) Resolution of merger or consolidation certified by the secretary and attested by the chairman or presiding officer and board secretary;

b) Approved Plan of Consolidation with duly notarized articles of cooperation and adopted by-laws or approved Plan of Merger with the proposed amendments to articles of cooperation and by-laws as the case may be;

c) Minutes of general assembly meetings with their respective attendance sheets certified by the secretary and attested by the chairman of each cooperative;

d) Bonds of accountable officers for the surviving or consolidated cooperative;

e) Original certificate of registration of merged or consolidated cooperatives; and

f) Registration fee.

SECTION 9. Issuance of Certificate of Registration — The CDA shall, after proper evaluation of the proceedings and documents submitted, issue Certificate of Registration in case of consolidation or Certificate of Registration of Amendments in case of merger.

SECTION 10. Limitations — (a) No merger or consolidation shall be made in fraud or in any manner impaired the rights of creditors;

(b) Surviving or consolidated cooperative shall be responsible for all liabilities and obligations of each of the constituent cooperatives.

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SECTION 11. Effectivity of Merger or Consolidation — The merger or consolidation shall be effective upon issuance of Certificate of Merger or Consolidation by the CDA.

Adopted: 26 Feb. 1996

For the Board of Administrators:

(SGD.) EDNA E. ABERILLA
Chairperson

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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