ISSUANCE AND DISTRIBUTION OF SHARE CAPITAL CERTIFICATES OF ELECTRIC COOPERATIVES PURSUANT TO ART. 133 OF RA 9520

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I. Purpose

This Memorandum Circular is issued for the orderly issuance and distribution of share capital certificates of electric cooperatives in compliance with the requirements as provided for under Art. 133 of RA 9520, which states as follows:

> "ART. 133. SHARE CAPITAL IN ELECTRIC COOPERATIVES. The electric cooperatives shall issue and distribute share certificates under the name of their members, taking into consideration their previous equity contributions, the amortization component through the payments made, capital build-up and other capital contributions."

Since the effectivity of Republic Act No. 9520, otherwise known as the Cooperative Development Code of 2008, there has been no concrete monitoring or inspection as to the compliance of the issuance and distribution of share capital certificates of electric cooperatives in compliance with the provisions of Art. 133, of RA 9520 had been made.

Hence, all CDA Department Heads, Division Chiefs, Regional Directors and Technical Personnel (CDS), subject to the guidelines as provided for herein, are enjoined to immediately monitor all electric cooperative, give strict directives to comply with the aforesaid provisions of Art. 133 of RA 9520, and conduct inspection/ examination in case of failure to comply.

II. Coverage. This Memorandum Circular shall apply to all Electric Cooperatives registered with the Authority under RA 9520 that may undertake power generation utilizing renewable energy resources, including hybrid system, acquisition and operation of sub-transmission or distribution as its primary purposes.

It shall also cover new distribution utilities that will register with the Authority.

III. Guidelines. In view of the foregoing please be guided by the following:

> III.1. Share Capital Certificates. A share capital certificate is a document issued by the electric cooperative under its seal, if any, evidencing that a member has contributed a sum of money or value of property received by the electric cooperative corresponding to his share in contribution.
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> III.2. Form of Share Capital Certificate. The share capital certificate shall be written in English or Filipino, typewritten or handwritten as long as it is eligible.
>
> III.3. Contents of Share Capital Certificate. The Share Capital Certificate shall contain the following:
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> - The serial number of the share capital certificate;
>
> - The name and address of the cooperative issuing such certificate;
>
> - The name and address of the member to whom such certificate was issued;
>
> - The number of shares fully paid-up by the member;

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- The par value of each share which shall not be more that One Thousand Pesos (Php1,000.00);

- The total value of such shares contributed by the member;

- The date of such share capital certificate;

- The printed names and signatures of chairman and the secretary of the electric cooperative issuing such certificate; and

- The seal of the cooperative, if any.

III.4. Issuance of share capital certificate. No share capital certificate shall be issued to a subscriber until the full amount of his subscription together with interest and expenses, if any is due, has been paid.

III.5. Claiming of share capital certificate. In claiming the Share Capital Certificate, the member shall present his/her I.D. issued by the electric cooperative or any valid I.D. However, the member may authorize someone to claim the Share Capital Certificate with a letter of authorization, together with the member's I.D. and the I.D. of the authorized person.

III.6. Issuance of duplicate Share capital certificate in case of its loss or destruction. The electric cooperative may issue a duplicate certificate if such certificate is proved to have been lost or destroyed or having being defaced or mutilated or torn or is surrendered to the electric cooperative upon execution and submission by a member of an Affidavit of Loss or such other document evidencing defacement/mutilation or surrender of such share capital certificate.

III.7. Distribution of share capital certificate. The distribution of Share Capital Certificates shall be done annually preferably on its General Assembly Meeting.

III.8. Factors to be considered in the distribution of share capital certificate. The following factors shall be considered in the distribution of share capital certificate:

- The previous equity contributions made by the member;

- The amortization component;

- Payments made;

- Capital build-up; and

- Other capital contributions.

III.9. Reports. The electric cooperative secretary shall submit a list of the share capital certificates issued by him together with their value along with the annual mandatory report.

IV. Action. All concerned officers of CDA Extension Office are required to make the necessary monitoring or inspection on the compliance of this Memorandum Circular. In case of non-compliance despite due notices, the electric cooperative shall be sanctioned in accordance with applicable laws.

V. Reports. All concerned officers of CDA Extension Office shall submit a list of electric cooperatives within its jurisdiction who has complied with Art 133, RA 9520 for the issuance and distribution of share capital certificates of electric cooperatives within one hundred fifty (150) days from the end of the calendar year.

VI. Effectivity. This Memorandum Circular shall be effective immediately.

APPROVED: Per CDA Board Resolution No. 065, s-2013 dated February 22, 2013, Quezon City, Philippines

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