

**[CDA MEMORANDUM CIRCULAR NO. 2011-05,
February 22, 2011]**

LIMITATION ON SHARE CAPITAL HOLDINGS

Article 14 of RA 9520 provides that *"No cooperatives, other than a cooperative union xxx shall be registered unless accompanied with the xxx xxx and a sworn statement of the treasurer elected by the subscribers showing that at least twenty-five per centum (25%) of the authorized share capital has been subscribed and at least twenty-five per centum (25%) of the total subscription has been paid "*.

Article 73 of RA 9520 further provides that *"No member of a primary cooperative other than a cooperative itself shall own or hold more than ten percent (10%) of the share capital of the cooperative."*

The Twenty-Five percent (25%) Rule shall mean that at least Twenty Five percent (25%) of the Authorized Share Capital shall be subscribed, and at least Twenty Five percent (25%) of the Subscribed Share Capital shall be paid up by the members. This requirement shall apply to common share capital only.

No member in a primary cooperative shall own more than ten percent (10%) of the total subscribed share capital of the aforesaid cooperative.

Should preferred share capital be provided in their by-laws, it shall not exceed twenty-five percent (25%) of the total authorized share capital of the cooperative.

Finally, for both the common and preferred share capital, no fractional shares shall be issued.

For guidance and information.

APPROVED on February 22, 2011 per BOA Resolution No.31-2011.

FOR THE BOARD OF ADMINISTRATORS

(SGD.) EMMANUEL M. SANTIAGUEL, Ph. D
Chairman



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