

[CDA, November 25, 1991]

**RULES AND REGULATIONS IMPLEMENTING CERTAIN
PROVISIONS OF THE COOPERATIVE CODE OF THE PHILIPPINES**

Pursuant to the provisions of Article 123 of Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines, the Cooperative Development Authority hereby issues the following rules and regulations implementing the provisions of Article 20 (Rule 7), Articles 21 and 22 (Rule 6), the second paragraph of Article 27 (Rule 9), Article 54 (Rule 2), Article 71 (Rule 8), Article 72 (Rule 3), Article 76 (Rule 4), Article 78 (Rule 5), of the said Code.

**Rule 1
Title and Definitions**

SECTION 1. Title - These rules, regulations and guidelines shall be known as the "Rules and Regulations Implementing Certain Provisions of the Cooperative Code of the Philippines".

SECTION 2. Definition of Terms - As used in these Rules and Regulations, the following terms are defined as follows:

- a. **Annual Report** shall refer to the organized written report on the state of affairs of a cooperative at the end of its fiscal year.
- b. **Associate Member** is one who has no right to vote nor be voted upon and shall be entitled only to such rights and privileges as the by-laws may provide.
- c. **Authority** shall refer to the Cooperative Development Authority (CDA).
- d. **Authorized Share Capital** is the amount of capitalization of the cooperative as prescribed by the articles of cooperation.
- e. **Call** shall refer to a written notice of demand made by the cooperative to its members to pay their due and unpaid share capital, in accordance with their membership or subscription agreement, the policies and actions of the board of directors and general assembly.
- f. **Capital** shall include but not limited to the sum total of members' share capital, loans and borrowings including deposits, revolving capital, subsidies, donations, legacies, grants, aids, land, structures, plants, equipments, facilities, machines and other assets of a cooperative as may be utilized to attain its purposes and objectives.
- g. **Code** shall refer to Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines.

h. **Consolidation** shall refer to an amalgamation by agreement between two or more cooperatives whereby their purposes, rights, obligations, franchises, privileges and properties are combined in a single, new cooperative.

i. **Cumulative Interest** shall mean the interest that must be added to future interest if it is not paid when due.

j. **Division** shall mean the act of splitting a single cooperative into two or more cooperatives, wherein the original cooperative shall be dissolved and the resulting cooperatives shall acquire separate and distinct juridical personalities.

k. **Donated Capital** shall include but not limited to subsidies, grants, donations and aids received from any person, whether natural or juridical, local or foreign.

l. **Fixed Deposit** is the amount actually paid by a member as his contribution to the capitalization of the cooperative.

m. **Guardian Cooperative** shall refer to a cooperative duly registered with the Authority with which a laboratory cooperative is affiliated.

n. **Interest** shall refer to an amount paid for the use of money.

o. **Laboratory Cooperative** shall refer to a cooperative formed and managed principally by minors and which is affiliated with a registered cooperative.

p. **Liquidation** shall refer to the process of winding up the affairs of the cooperative and the subsequent cancellation of the certificate of registration of a cooperative.

q. **Members' Equity** is the residual ownership of members in the assets of a cooperative which is the excess of assets over liabilities, capital from external sources, statutory reserves and other necessary funds as may be provided for in the articles of cooperation and bylaws of the cooperative.

r. **Merger** shall refer to the absorption of one or more existing cooperatives by another cooperative which continues the combined purposes of the absorbed cooperatives.

s. **Minors** shall refer to natural persons who are Filipino citizens below eighteen (18) years of age.

t. **Non-Cumulative Interest** shall mean the interest that is not added to future interests if not paid when due.

u. **Out-Of-School Minors** shall refer to those who are not enrolled in any formal education during the current schoolyear.

v. **Paid-up Share Capital** is that portion of the authorized share capital which has actually been paid by the members.

w. **Publication** shall refer to the posting of the annual report in conspicuous public places within the area of operations of the cooperative or its publication in a

newspaper and its distribution to all members of record.

x. **Revolving Capital** is an amount raised by the cooperative to strengthen its capital structure by deferring the payment of the patronage refund and interest on share capital of the members or by authorized deduction of a percentage from the products sold or per unit of product handled by the members. It shall also include the amount received from the issuance of cooperative bonds and/or certificates of indebtedness.

y. **Share Capital** is the money paid or required to be paid by the members for the conduct of the operations of the cooperative.

z. **Subscribed Share Capital** is the portion of the authorized share capital which the members pledge or agree to pay as their share capital in the cooperative.

aa. **Total Average Share Month** shall refer to the sum total of the average share month which is determined by adding the monthly ending balances of the member's share capital and dividing the sum by twelve (12) months. The monthly ending balances shall include share capital paid during the first seven (7) days of the month.

ab. **Unpaid Subscription** shall refer to the pledged share capital which is not yet paid by a member.

ac. **Winding up of Affairs** shall refer to the final settlement of the liabilities, the disposal of reserves and the return to the members of their share capital and any remaining assets of a cooperative.

Rule 2

Annual Report of Cooperatives

SECTION 1. Legal Basis — The legal basis for this Rule is Article 54 of the Code, quoted as follows:

"ARTICLE 54. **Annual Reports** — (1) Every cooperative shall draw up an annual report of its affairs as of the end of every fiscal year, and publish the same furnishing copies to all its members of record. A copy thereof shall be filed with the Cooperative Development Authority within sixty (60) days from the end of every fiscal year. The form and contents of the annual report shall be prescribed by the rules of the Authority. Failure to file the required annual report shall be a ground for revocation of authority of the cooperative to operate as such. The fiscal year of every cooperative shall be the calendar year except as may be provided in the by-laws.

"(2) If any cooperative fails to make, publish and file the report required herein, or fails to include therein any matter required by this Code, the Cooperative Development Authority shall, within fifteen (15) days from the expiration of the prescribed period, send such cooperative a registered notice, directed to its official postal address stating the delinquency and its consequences. If the cooperative fails to make, publish or file a copy of the report within thirty (30) days from receipt of

such notice, any member of the cooperative or the Government may petition the court for *mandamus* to compel the cooperative and its officers to make, publish and file such report, as the case may be, and require the cooperative or the officers at fault to pay all the expenses of the proceeding, including counsel fees when the filing is made by a member."

SECTION 2. Filing — All cooperatives shall file with the Authority a copy of their annual report within sixty (60) days from the end of their respective fiscal years.

SECTION 3. Format of the Annual Report — The following shall be the format of the annual report to be filed by the cooperative:

ANNUAL REPORT

I. GENERAL INFORMATION

Name of Cooperative: _____

Address: _____

Type of Cooperative (Please check the appropriate category):

_____ Credit _____ Multi-purpose (agri)

_____ Consumers _____ Multi-purpose (non-agri)

_____ Marketing _____ Federation

_____ Service _____ Union

_____ Producers _____ Others

Area of Operations (Please check the appropriate category):

_____ Barangay _____ Provincial _____ National

_____ Municipal/City _____ Regional

Date Registered/Confirmed: _____ Reg./Conf. No.: _____

II. ORGANIZATIONAL ASPECT

Total Membership: _____ Male: _____ Female: _____

No. of Directors: _____ Male: _____ Female: _____

Total No. of Employees _____ Male: _____ Female: _____

Full time: _____ Part-time: _____

Volunteers: _____

Meetings: Number of Board Meetings Held

Regular: _____ Special: _____

Number and Date/s of General Assembly Meetings Held

Regular: _____ Date: _____

Special: _____ Date: _____

Number of Committee Meetings Held:

Election: _____ Education: _____

Credit: _____ Others: _____

Audit: _____

Trainings:

No. of Trainings Conducted by Cooperative: _____

Total No. of Cost of

Type Participants Training

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

No. of Trainings Attended by Officers: _____

Local: _____ Foreign: _____

Affiliations:

Name of Federation: _____

Address: _____

_____ Barangay _____ Provincial _____ National

_____ Municipal/City _____ Regional

Name of Union: _____

Address: _____