

**[CDA MEMORANDUM CIRCULAR NO. 05, S .1996,
February 26, 1996]**

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

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.