



**Philippine
Cooperative
Center**

REPUBLIC ACT NO.

9520

**PHILIPPINE COOPERATIVE
CODE OF 2008**

AND

**REVISED
Implementing Rules and
Regulations**





The Philippine Cooperative Movement is now in the crossroad of its development even as the Apex Cooperative was finally declared, by both the movement itself and the CDA Chairperson Orlando Ravanera, joined by Congressman Anthony Bravo.

This declaration of PCC as the Apex Cooperative, is a long process and journey of the movement in defining the Apex, its function, and role.

The governing law that is the bible of the regulations being implemented by our regulatory agency, is a good law, although much is desired of its improvement. PCC is once again printing a copy of RA 9520 or the Cooperative Code of 2008, together with the 2nd set of Implementing Rules and Regulations (IRR), for a handy reference book for our Cooperators, as well as legislators. It is a reference, indeed, as with the fast development of the movement, much is really desired for possible amendment/improvement of various provisions of the law.

PCC will be commissioning a small study group to start the review of the Coop Code vis-à-vis current developments and demands of the cooperatives.

Let us read together, study, and review the Code, provision per provision, and share our thoughts to make it more responsive, a tool for Cooperative Development and Progress.

Cooperatively yours,

Daniel R. Ang

Chief Executive Officer

July 10, 2017

Quezon City

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Republic of the Philippines
Congress of the Philippines
Metro Manila

Fourteenth Congress
Second Regular Session

Begun and held in Metro Manila, on
Monday, the twenty-eighth day of July,
two thousand eight.

REPUBLIC ACT 9520

AN ACT AMENDING THE COOPERATIVE
CODE OF THE PHILIPPINES TO BE KNOWN
AS THE
"PHILIPPINE COOPERATIVE CODE OF 2008"

Be it enacted by the Senate and House of Representatives of
the Philippines in Congress assembled:

Chapter 1

GENERAL CONCEPTS & PRINCIPLES

ART. 1. Title. This Act shall be known as the "Philippine Cooperative Code of 2008".

ART. 2. Declaration of Policy. It is the declared policy of the State to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. The State shall encourage the private sector to undertake the actual formation and organization of cooperatives and shall create an atmosphere that is conducive to the growth and development of these cooperatives.

Toward this end, the Government and all its branches, subdivisions, instrumentalities and agencies shall ensure the provision of technical guidance, financial assistance and other services to enable said cooperatives to develop into viable and responsive economic enterprises and thereby bring about a strong cooperative movement that is free from any conditions that might infringe upon the autonomy or organizational integrity of cooperatives.

Further, the State recognizes the principle of subsidiarity under which the cooperative sector will initiate and regulate within its own ranks the promotion and organization, training and research, audit and support services relative to cooperatives with government assistance where necessary.

ART. 3. General Concepts. A cooperative is an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.

ART. 4. Cooperative Principles. Every cooperative shall conduct its affairs in accordance with Filipino culture, good values and experience and the universally accepted principles of cooperation which include, but are not limited to, the following:

- (1) *Voluntary and Open Membership* - Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, cultural, political or religious discrimination.

- (2) *Democratic Member Control* - Cooperatives are democratic organizations that are controlled by their members who actively participate in setting their policies and making decisions. Men and women serving as elected representatives, directors or officers are accountable to the membership. In primary cooperatives, members have equal voting rights of one-member, one-vote. Cooperatives at other levels are organized in the same democratic manner.
- (3) *Member Economic Participation* - Members contribute equitably to, and democratically control, the capital of their cooperatives. At least part of that capital is the common property of the cooperative. They shall receive limited compensation or limited interest, if any, on capital subscribed and paid as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative by setting up reserves, part of which should at least be indivisible; benefitting members in proportion to their patronage of the cooperative's business; and, supporting other activities approved by the membership.
- (4) *Autonomy and Independence* - Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including government, or raise capital from external sources, they shall do so on terms that ensure democratic control of their members and maintain their cooperative autonomy.
- (5) *Education, Training and Information* - Cooperatives shall provide education and training for their members, elected and appointed representatives, managers, and employees, so that they can contribute effectively and efficiently to the development of their cooperatives.
- (6) *Cooperation Among Cooperatives* - Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
- (7) *Concern for Community* - Cooperatives work for the sustainable development of their communities through policies approved by their members.

ART. 5. Definition of Terms. The following terms shall mean:

- (1) *Member* includes a person either natural or juridical who adhering to the principles set forth in this Code and in the articles of cooperation, has been admitted by the cooperative as member;
- (2) *General Assembly* shall mean the full membership of the cooperative duly assembled for the purpose of exercising all the rights and performing all the obligations pertaining to cooperatives, as provided by this Code, its articles of cooperation and bylaws: *Provided*, That for cooperatives with numerous and dispersed membership, the general assembly may be composed of delegates elected by each sector, chapter or district of the cooperative in accordance with the rules and regulations of the Cooperative Development Authority;

- (3) *Board of Directors* shall mean that body entrusted with the management of the affairs of the cooperative under its articles of cooperation and bylaws;
- (4) *Committee* shall refer to anybody entrusted with specific functions and responsibilities under the bylaws or resolution of the general assembly or the board of directors;
- (5) *Articles of Cooperation* means the articles of cooperation registered under this Code and includes a registered amendment thereof;
- (6) *Bylaws* means the bylaws registered under this Code and includes any registered amendment thereof;
- (7) *Registration* means the operative act granting juridical personality to a proposed cooperative and is evidenced by a certificate of registration;
- (8) *Cooperative Development Authority* refers to the government agency in charge of the registration and regulation of cooperatives as such hereinafter referred to as the Authority;
- (9) *Universally Accepted Principles* means that body of cooperative principles adhered to worldwide by cooperatives;
- (10) *Representative Assembly* means the full membership of a body of representatives elected by each of the sectors, chapter or district or the cooperative duly assembled for the purpose of exercising such powers lawfully delegated unto them by the general assembly in accordance with its bylaws;
- (11) *Officers of the Cooperative* shall include the members of the board of directors, members of the different committees created by the general assembly, general manager or chief executive officer, secretary, treasurer and members holding other positions as may be provided for in their bylaws;
- (12) *Social Audit* is a procedure wherein the cooperative assesses its social impact and ethical performance vis-à-vis its stated mission, vision, goals and code of social responsibility for cooperatives to be established by the Authority in consultation with the cooperative sector. It enables the cooperative to develop a process whereby it can account for its social performance and evaluate its impact in the community and be accountable for its decisions and actions to its regular members;
- (13) *Performance Audit* shall refer to an audit on the efficiency and effectiveness of the cooperative as a whole; its management and officers; and its various responsibility centers as basis for improving individual team or overall performance and for objectively informing the general membership on such performance;
- (14) *A Single-line or Single-purpose Cooperative* shall include cooperative undertaking activities which are related to its main line of business or purpose;

- (15) *Service Cooperatives* are those which provide any type of service to its members, including but not limited to, transport, information and communication, insurance, housing, electric, health services, education, banking, and savings and credit;
- (16) *Subsidiary Cooperative* refers to any organization all or majority of whose membership or shareholders come from a cooperative organized for any other purpose different from that of, and receives technical, managerial and financial assistance from, a cooperative, in accordance with the rules and regulations of the Authority; and
- (17) *Federation of Cooperatives* refers to three or more primary cooperatives, doing the same line of business, organized at the municipal, provincial, city, special metropolitan political subdivision, or economic zones created by law, registered with the Authority to undertake business activities in support of its member-cooperatives.

The Blue Print for a Co-operative Decade



Taking the co-operative way of doing business to a new level!

The Blueprint for a Co-operative Decade is a global strategy of and for co-operatives. And it is decidedly ambitious! To achieve the 2020 Vision of the Blueprint, the Alliance pursues Blueprint programmes in five priority areas:

Participation
Sustainability
Identity
Legal Frameworks
Capital

Chapter 2

ORGANIZATION and REGISTRATION

ART. 6. Purposes of Cooperatives. A cooperative may be organized and registered for any or all of the following purposes:

- (1) To encourage thrift and savings mobilization among the members;
- (2) To generate funds and extend credit to the members for productive and provident purposes;
- (3) To encourage among members systematic production and marketing;
- (4) To provide goods and services and other requirements to the members;
- (5) To develop expertise and skills among its members;
- (6) To acquire lands and provide housing benefits for the members;
- (7) To insure against losses of the members;
- (8) To promote and advance the economic, social and educational status of the members;
- (9) To establish, own, lease or operate cooperative banks, cooperative wholesale and retail complexes, insurance and agricultural/industrial processing enterprises, and public markets;
- (10) To coordinate and facilitate the activities of cooperatives;
- (11) To advocate for the cause of the cooperative movements;
- (12) To ensure the viability of cooperatives through the utilization of new technologies;
- (13) To encourage and promote self-help or self-employment as an engine for economic growth and poverty alleviation; and
- (14) To undertake any and all other activities for the effective and efficient implementation of the provisions of this Code.

ART. 7. Objectives and Goals of a Cooperative. The primary objective of every cooperative is to help improve the quality of life of its members. Towards this end, the cooperative shall aim to:

- (a) Provide goods and services to its members to enable them to attain increased income, savings, investments, productivity, and purchasing power, and promote among themselves equitable distribution of net surplus through maximum utilization of economies of scale, cost-sharing and risk-sharing;

- (b) Provide optimum social and economic benefits to its members;
- (c) Teach them efficient ways of doing things in a cooperative manner;
- (d) Propagate cooperative practices and new ideas in business and management;
- (e) Allow the lower income and less privileged groups to increase their ownership in the wealth of the nation; and
- (f) Cooperate with the government, other cooperatives and people-oriented organizations to further the attainment of any of the foregoing objectives.

ART. 8. Cooperatives Not in Restraint of Trade. No cooperative or method or act thereof which complies with this Code shall be deemed a conspiracy or combination in restraint of trade or an illegal monopoly, or an attempt to lessen competition or fix prices arbitrarily in violation of any laws of the Philippines.

ART. 9. Cooperative Powers and Capacities. A cooperative registered under this Code shall have the following powers, rights and capacities:

- (1) To the exclusive use of its registered name, to sue and be sued;
- (2) Of succession;
- (3) To amend its articles of cooperation in accordance with the provisions of this Code;
- (4) To adopt bylaws not contrary to law, morals or public policy, and to amend and repeal the same in accordance with this Code;
- (5) To purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage, and otherwise deal with such real and personal property as the transaction of the lawful affairs of the cooperative may reasonably and necessarily require, subject to the limitations prescribed by law and the Constitution;
- (6) To enter into division, merger or consolidation, as provided in this Code;
- (7) To form subsidiary cooperatives and join federations or unions, as provided in this Code;
- (8) To avail of loans, be entitled to credit and to accept and receive grants, donations and assistance from foreign and domestic sources, subject to the conditions of said loans, credits, grants, donations or assistance that will not undermine the autonomy of the cooperative. The Authority, upon written request, shall provide necessary assistance in the documentary requirements for the loans, credit, grants, donations and other financial support;
- (9) To avail of preferential rights granted to cooperatives under Republic Act No. 7160, otherwise known as the Local Government Code, and other laws, particularly those in the grant of franchises to establish, construct,

operate and maintain ferries, wharves, markets or slaughterhouses and to lease public utilities, including access to extension and on-site research services and facilities related to agriculture and fishery activities;

(10) To organize and operate schools in accordance with Republic Act No. 9155, Governance of Basic Education Act of 2001 and other pertinent laws; and

(11) To exercise such other powers granted by this Code or necessary to carry out its purpose or purposes as stated in its articles of cooperation.

ART. 10. Organizing a Primary Cooperative. Fifteen (15) or more natural persons who are Filipino citizens, of legal age, having a common bond of interest and are actually residing or working in the intended area of operation, may organize a primary cooperative under this Code: Provided, That a prospective member of a primary cooperative must have completed a Pre-Membership Education Seminar (PMES).

Any newly organized primary cooperative may be registered as multipurpose cooperative only after compliance with the minimum requirements for multipurpose cooperatives to be set by the Authority. A single-purpose cooperative may transform into a multipurpose or may create subsidiaries only after at least two (2) years of operations.

ART. 11. Economic Survey. Every group of individuals or cooperatives intending to form a cooperative under this Code shall submit to the Authority a general statement describing, among others the structure and purposes of the proposed cooperative: *Provided*, That the structure and actual staffing pattern of the cooperative shall include a bookkeeper; *Provided*, further, That they shall not be allowed to operate without the necessary personnel and shall also submit an economic survey, indicating therein the area of operation, the size of membership, and other pertinent data in a format provided by the Authority.

ART. 12. Liability. A cooperative duly registered under this Code shall have limited liability.

ART. 13. Term. A cooperative shall exist for a period not exceeding fifty (50) years from the date of registration unless sooner dissolve or unless said period is extended. The cooperative term, as originally stated in the articles of cooperation, may be extended for periods not exceeding fifty (50) years in any single instance by an amendment of the articles of cooperation, in accordance with this Code: *Provided*, That no extension can be made earlier than five (5) years prior to the original or subsequent expiry date/dates unless there are justifiable reasons for an earlier extension as may be determined by the Authority.

ART. 14. Articles of Cooperation.

(1) All cooperatives applying for registration shall file with the Authority the articles of cooperation which shall be signed by each of the organizers and acknowledged by them if natural persons, and by the chairpersons or secretaries, if juridical persons, before a notary public.

- (2) The articles of cooperation shall set forth:
- (a) The name of the cooperative which shall include the word cooperative;
 - (b) The purpose or purposes and scope of business for which the cooperative is to be registered;
 - (c) The term of existence of the cooperative;
 - (d) The area of operation and the postal addresses of its principal office;
 - (e) The names, nationality, and the postal addresses of the registrants;
 - (f) The common bond of membership;
 - (g) The list of names of the directors who shall manage the cooperative; and
 - (h) The amount of its share capital, the names and residences of its contributors and a statement of whether the cooperative is primary, secondary or tertiary in accordance with Article 23 hereof.
- (3) The articles of cooperation may also contain any other provisions not inconsistent with this Code or any related law.
- (4) Four (4) copies each of the proposed articles of cooperation, bylaws, and the general statement required under Article 11 of this Code shall be submitted to the Authority.
- (5) No cooperative, other than a cooperative union as described under Article 25 hereof, shall be registered unless the articles of cooperation is accompanied with the bonds of the accountable officers and a sworn statements 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: *Provided*, That in no case shall the paid-up share capital be less than Fifteen thousand pesos (P15,000.00).

The Authority shall periodically assess the required paid-up share capital and may increase it every five (5) years when necessary upon consultation with the cooperative sector and the National Economic and Development Authority (NEDA).

ART. 15. Bylaws.

- (1) Each cooperative to be registered under this Code shall adopt bylaws not inconsistent with the provisions of this Code. The bylaws shall be filed at the same time as the articles of cooperation.
- (2) The bylaws of each cooperative shall provide:
 - (a) The qualifications for admission to membership and the payment to be made or interest to be acquired as a condition for the exercise of the right of membership;

- (b) The rights and liabilities of membership;
- (c) The circumstances under which membership is acquired, maintained and lost;
- (d) The procedure to be followed in cases of termination of membership;
- (e) The conditions under which the transfer of a share or interest of the members shall be permitted;
- (f) The rules and procedures on the agenda, time, place and manner of calling, convening, conducting meetings, quorum requirements, voting systems, and other matters relative to the business affairs of the general assembly, board of directors, and committees;
- (g) The general conduct of the affairs of the cooperative, including the powers and duties of the general assembly, the board of directors, committees and the officers, and their qualifications and disqualifications;
- (h) The manner in which the capital, may be raised and the purposes for which it can be utilized;
- (i) The mode of custody and of investment of net surplus;
- (j) The accounting and auditing systems;
- (k) The manner of loaning and borrowing including the limitations thereof;
- (l) The method of distribution of net surplus;
- (m) The manner of adopting, amending, repealing, and abrogating bylaws;
- (n) A conciliation or mediation mechanism for the amicable settlement of disputes among members, directors, officers and committee members of the cooperative; and
- (o) Other matters incident to the purposes and activities of the cooperative.

ART. 16. Registration. A cooperative formed and organized under this Code acquires juridical personality from the date the Authority issues a certificate of registration under its official seal. All applications for registration shall be finally disposed of by the Authority within a period of sixty (60) days from the filing thereof, otherwise the application is deemed approved, unless the cause of the delay is attributable to the applicant: *Provided*, That in case of a denial of the application for registration, an appeal shall lie with the Office of the President within ninety (90) days from receipt of notice of such denial: *Provided*, further, That failure of the Office of the President to act on the appeal within ninety (90) days from the filing thereof shall mean approval of said application.

ART. 17. Certification of Registration. A certificate of registration issued by the Authority under its official seal shall be conclusive evidence that the cooperative therein mentioned is duly registered unless it is proved that the registration thereof has been cancelled.

ART. 18. Amendment of Articles of Cooperation and Bylaws. Unless otherwise prescribed by this Code and for legitimate purposes, any provision or matter stated in the articles of cooperation and bylaws may be amended by two-thirds (2/3) vote of all the members with voting rights, without prejudice to the right of the dissenting members to exercise their right to withdraw their membership under Article 30.

Both the original and amended articles and/or bylaws shall contain all provisions required by law to be set out in the articles of cooperation and bylaws. Amendments shall be indicated by underscoring or otherwise appropriately indicating the change or changes made and a copy of the amended articles or amended bylaws duly certified under oath by the cooperative secretary and a majority of the directors stating the fact that said amendment or amendments to the articles of cooperation and/or bylaws have been duly approved by the required vote of the members. All amendments to the article of cooperation and/or bylaws shall be submitted to the Authority. The amendments shall take effect upon its approval by the authority or within thirty (30) days from the date of filing thereof if not acted upon by the Authority for a cause not attributable to the cooperative.

ART. 19. Contracts Executed Prior to Registration and Effects Thereof. Contracts executed between private persons and cooperatives prior to the registration of the cooperative shall remain valid and binding between the parties and upon registration of the cooperative. A formal written contract shall be adopted and made in the cooperative's name or on its behalf prior to its registration.

ART. 20. Division of Cooperatives. Any registered cooperative may, by a resolution approved by a vote of three-fourths (3/4) of all the members with voting rights, present and constituting a quorum, resolve to divide itself into the two (2) or more cooperatives. The procedure for such division shall be prescribed in the regulations of the Authority: *Provided*, that all the requirements set forth in this Code have been complied with by the new cooperatives: *Provided*, further, That no division of a cooperative in fraud of creditors shall be valid.

ART. 21. Merger and Consolidation of Cooperatives.

- (1) Two (2) or more cooperatives may merge into a single cooperative which shall either be one of the constituent cooperatives or the consolidated cooperative.
- (2) No merger or consolidation shall be valid unless approved by a three-fourths (3/4) vote of all the members with voting rights, present and constituting a quorum of each of the constituent cooperatives at separate general assembly meetings. The dissenting members shall have the right to exercise their right to withdraw their membership pursuant to Article 30.