

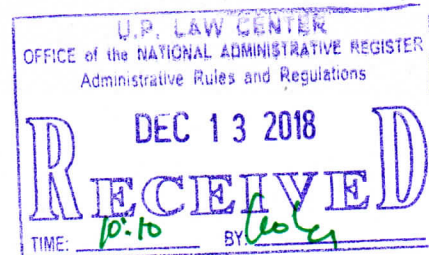


Office of the President of the Philippines
COOPERATIVE DEVELOPMENT AUTHORITY

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Central Office

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MEMORANDUM CIRCULAR No. 2018 - 05
Series of 2018

TO : All Concerned

**SUBJECT : GUIDELINES FOR REGISTRATION OF CREDIT SURETY
FUND COOPERATIVES (CSF Cooperatives)**

DATE : 06 November 2018

Pursuant to the provisions of the Republic Act No. 10744, otherwise known as the Credit Surety Fund Cooperative Act of 2015 (CSF Act) and its Implementing Rules and Regulations (IRR), the Cooperative Development Authority (CDA) promulgates the following Guidelines for registration of CSF Cooperatives:

Section 1. Purpose

This Guidelines is issued to promote, establish and maintain an orderly, effective and reasonable requirements, processes and procedures for registration of CSF Cooperatives consistent with the principles set forth in the CSF Act and its IRR.

Section 2. Coverage

All existing CSF's established and launched by the Bangko Sentral ng Pilipinas (BSP) prior to the effectivity of Republic Act. No 10744¹ and its IRR² and those thereafter organized by it shall be covered by this Circular.

Section 3. Documentary Requirements

The following documents shall be submitted to the CDA in such number of copies as indicated below:

1. Cooperative Name Reservation Notice (CNRN) -1 original and 3 photocopies;

¹ 06 February 2016

² 24 October 2017

2. Articles of Cooperation and By-laws – 2 original copies and 2 photocopies for each;
3. Sworn Statement of the Treasurer elected by the subscribers showing that at least twenty-five per centum (25%) of the authorized capital share has been subscribed at the time of registration, and least twenty-five per centum (25%) of the total subscription has been paid upon subscription: Provided, that in no case shall the paid-up share capital be less than Five Thousand Pesos (P5,000.00)- 4 original copies;
4. Surety Bond of Accountable Officers handling funds, properties and securities- 1 original and 3 photocopies;
5. Certificate of Contributors Orientation Seminar- 1 original and 3 photocopies;
6. Economic survey except for CSFs established prior to the enactment of the CSF law and its IRR - 2 original copies and 2 photocopies
7. CSF MOA signed by all stakeholders and the BSP together with the other documentary requirements enumerated in Section 7, Rule 14 of the RA 10744- 1 original and 3 photocopies; and
8. The resolution of the LGU's Sangguniang Panlalawigan or Sangguniang Panlungsod, as the case may be, indicating, among others, its commitment to join the CSF Cooperative, the amount of initial contribution which must be equal to or more than the aggregate contributions of the participating cooperatives/NGOs, and authority for the Local Chief Executive to sign and execute the MOA with other stakeholders- 1 original and 3 photocopies.

The documents (except for the CSF MOA and the LGU's Sangguniang Panlalawigan or Sangguniang Panlungsod resolution) required for registration shall be printed in an 8.5" x 13" or 8.5" x 14" and may be written in English or in Filipino or other local dialect with appropriate English translation. As far as practicable, the font style should be *Bookman Old Style font size 12*.

Section 4. CSF Memorandum of Agreement (MOA)

The MOA refers to a contract signed by all stakeholders and the BSP for the purpose of creating a CSF Cooperative which specifically stipulates their respective amount of contributions to the Credit Surety Fund.

No CSF Cooperative shall be registered without the submission of a MOA whose form and substance shall be in accordance with that prescribed by the BSP.

Section 5. Conduct of Contributors Orientation Seminar (COS) and Issuance of the Certificate of COS

All contributors shall be required to undergo a COS jointly conducted by the Authority and the BSP prior to the launching of the respective CSF, in which case, the Certificate of COS shall be issued and signed by the authorized representatives of both the Authority and the BSP.

Existing CSF's established prior to the effectivity of the CSF Act and its IRR as well as those established until the year 2018, can however present a Certificate of COS solely issued and signed by the authorized representative of the BSP upon application for registration.

Section 6. Number of Members Required for Registration

A CSF Cooperative may be organized and registered by at least eight (8) members (including GFIs, LGU and other government agencies).

Section 7. CSF Contributions

- a. The CSF contribution of a cooperative/NGO shall not be less than One Hundred Thousand Pesos (P100, 000.00). One percent (1.0%) of the contribution shall be booked as paid-up share capital while the ninety nine (99.0%) shall be booked as Restricted Capital for Surety covered by an investment certificate. Contributions of cooperatives/NGOs shall be fully paid prior to the signing of the CSF MOA and CDA registration.
- b. The amount of the LGUs initial contribution must be equal to or more than the aggregate contributions of the participating cooperatives/NGOs.
- c. The contributions of GFIs and GAs which are treated as investments may or may not be equal to the total contributions of the member cooperatives/NGOs.

Section 8. Capital Requirements

- a. The authorized share capital of a CSF Cooperative shall be provided for in its Articles of Cooperation. At least twenty five percent (25%) of the authorized share capital shall be subscribed by the members and at least twenty five (25%) of the subscribed share capital shall be paid by the members prior to registration.

- b. The paid-up share capital shall be equivalent to one percent (1%) of the investment in the CSF but the total paid up capital of the CSF Cooperative shall be at least twenty five (25%) of the subscribed share capital but not less than Five Thousand Pesos (P5,000.00).
- c. The Restricted Capital for Surety or the Credit Surety Fund shall consist of the 99% of the contributions of the cooperatives/NGOs and of the investments of LGUs, GFIs and Government Agencies (GAs). Grants and donations shall however be wholly booked as Restricted Capital for Surety.

The Restricted Capital for Surety or the Credit Surety Fund which shall be used as surety for the loans of qualified borrowers from lending banks shall not be deemed as part of the authorized share capital.

Section 9. Common and Preferred Shares

- a. The share capital of a CSF Cooperative may consist of common share capital and preferred share capital.
- b. Common shares refer to shares issued to member cooperatives/NGOs and to GFIs and GAs that opted to treat their CSF contributions as investments.
- c. Preferred shares are shares issued to the LGUs.
- d. A member cooperative/NGO may own more than ten percent (10%) of the total subscribed share capital of the CSF Cooperative but not more than fifty percent (50%).

Section 10. Bond of Membership

The bond of membership of a CSF Cooperative shall be associational.

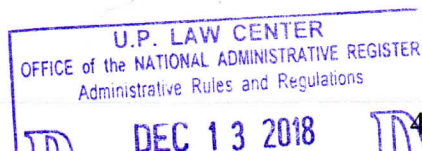
Section 11. Membership in More Than One CSF Cooperative

A cooperative may be a member of more than one CSF Cooperative provided that the former operates and has a branch or satellite within the latter's area of operation and as provided in its by-laws.

Section 12. Cooperative Name and Prohibition

The name of the CSF Cooperative shall always bear the name of the province/city where it is operating and the words "Credit Surety Fund (CSF) Cooperative".

The CDA will register the CSF Cooperative if its proposed name is not identical or confusingly similar to any existing CSF Cooperative or to any other name already protected by law.



Section 13. Registration Jurisdiction

All applications for registration of prospective CSF Cooperatives shall be filed at the respective CDA Extension Office for endorsement to the Technical Assistance Division (TAD), CSF Department of the CDA Central Office.

The CSF Department shall recommend actions to the Registration Division on the said applications for registration.

Section 14. Approval of Applications for Registration

All applications for registration shall be formally disposed by the Authority within the period of sixty (60) days from the filing of complete documentary requirements. Otherwise, the applications are deemed approved unless the cause of the delay is attributable to the applicants.

Section 15. Payment of Registration and other Fees

All applications for registration of prospective CSF Cooperatives shall be subjected to a registration fee of One Thousand Pesos (P1,000.00).

An additional Legal and Research Fee (LRF) in an amount equivalent to one percent (1%) of the fee imposed but in no case lower than ten pesos (P10.00) shall be collected.

Section 16. Separability Clause

If any provision of this Guidelines is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

Section 17. Repealing Clause

All other circulars and/or Guidelines issued by the Authority inconsistent herewith are deemed repealed or modified accordingly.

Section 18. Effectivity

This Guidelines shall become effective upon its approval by the Board of Administrators and fifteen (15) days after registration with the Office of the National Administrative Register (ONAR).

Approved by the CDA Board of Administrators on November 12, 2018 per BOA Resolution No. 535, S-2018.

For the Board of Administrators

By:


ORLANDO R. RAVANERA
Chairman 

December 7, 2018

