

**[CDA MEMORANDUM CIRCULAR NO. 2013-04,
February 07, 2013]**

CLARIFICATORY POLICY ON SHARE CAPITAL

Article 75 of RA 9520 states that:

"Capital Build-Up. The by-laws of every cooperative shall provide for a reasonable and realistic member capital build up program to allow the continuing growth of the members' investment in their cooperative as their own economic conditions continue to improve."

Article 77 of RA 9520 states that:

"Fines. The by-laws of a cooperative may prescribe a fine on unpaid subscribed share capital: Provided, That such fine is fair and reasonable under the circumstances."

In view of the foregoing premises, all cooperatives are hereby enjoined to adopt a policy of continuing subscription on share capital, which shall include, but is not limited to, requiring members to subscribe additional capital upon full payment of the initial subscription.

The Authority further requires the cooperatives to execute subscription agreement upon admission of members and whenever additional subscription shall be made by member/s upon full payment of their initial subscription.

Unless otherwise provided for in their by-laws, cooperatives shall issue Share Certificates at least every end of the calendar year based on the number of shares fully paid for the said period.

Cooperatives are prohibited from issuing multiple types of Common Shares and different par value per share. It is likewise prohibited for any cooperative to increase/ decrease the par value of the share capital by way of amending their Articles of Cooperation and By-laws.

This Memorandum Circular shall take effect immediately.

APPROVED per CDA Board Resolution No. 047, s-2013 dated February 7, 2013, Quezon City, Philippines.

For the Board of Administrators

By:

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