

[CDA MEMORANDUM CIRCULAR NO. 2011-16, May 06, 2011]

**REVISED GUIDELINE GOVERNING THE ISSUANCE OF
CERTIFICATE OF GOOD STANDING (CGS)**

Pursuant to the provisions of RAs 6939 and 9520, the Authority hereby promulgates the following guidelines to govern the issuance of Certificate of Good Standing to cooperatives:

Section 1. **Title** – This Guideline shall be known as the “*Revised Guideline Governing the Issuance of Certificate of Good Standing*” (CGS).

Section 2. **Policy and Objective** – Pursuant to the State policy of providing incentives to registered cooperatives under Republic Act No. 9520, also known as the Philippine Cooperative Code of 2008 and other laws and issuances, the Authority aims to:

- a. Set the requirements as provided for in the Cooperative Code of the Philippines of 2008 (RA9520) and the Charter of the Cooperative Development Authority (RA 6939);
- b. Establish the administrative responsibilities of the concerned office/unit within the Authority to ensure the proper implementation of this Guidelines; and
- c. Establish standards for the availment of incentives and privileges accorded to cooperatives by other institutions.

Section 3. **Definition of Terms** – For purposes of this Memorandum Circular, the following terms shall mean as:

- a) *Accountable Officers* – shall refer to persons directly responsible for handling funds, securities and properties of the cooperative such as, but not limited to the Chairman, Manager, Treasurer, Cashier, Secretary and such other persons as may be authorized by the cooperative to act as custodian of funds, merchandise, inventories, securities and other assets of the cooperative.
- b) *Authority* – refers to the Cooperative Development

Authority;

c) *Business Operation* – refers to the economic undertaking of providing product and services to members in accord with the cooperative registered objectives.

d) *Certificate of Good Standing (CGS)* – is a certificate issued by the Authority to the operating cooperatives that have complied with the mandatory requirements as provided in RA 9520, IRR and other administrative issuances which entitle cooperatives to avail incentives and privileges accorded to them.

e) *Cooperative Activities* – refers to the membership, governance and institutional undertaking of the cooperatives.

f) *Legitimate Purposes* – refers to any purpose that is not contrary to law, moral, public policy.

g) *Operating Cooperative* – refers to cooperative that has been performing cooperative activities with business operations whether realizing gains or losses in the conduct of business. The business operation requirement can be waived only to the newly registered cooperatives existing for not more than one (1) year from the date of its registration.

h) *Preceding Fiscal Year* – shall refer to the fiscal year immediately preceding the date of regular CGS issuance;

i) *Statutory Reports* – shall refer to the mandatory reports as prescribed under Section 2 Rule 8 in relation to Article 53 of RA 9520 and Section 3 (f) of RA 6939.

Section 4. **Purposes of Issuing CGS**

a. **Regular** Purpose – When the application for CGS is for the purpose of complying with the mandatory requirements as required by RA 9520 and to avail the incentives and privileges under the CDA-BIR Joint Rules and Regulations Implementing Articles 60 & 61 of RA 9520 in relation to RA 8424 and the requirements of Local Government Units (LGUs) permits and licenses.

b. **Special** Purpose – When the application for CGS is for other legitimate purposes, such as but not limited to application for financial assistance from other financial institutions, importation of machineries, equipment, and spare parts, or rice importation program or accreditation as training provider regardless of type and category.

Section 5. **Cooperatives Qualified to Avail** – A CGS may only be issued to ***operating cooperative***. In case of importation purposes, application shall be subject to further evaluation by the Authority to determine the capability of the cooperative to avail the privileges granted to cooperatives.

Section 6. **Requirements** – The following requirements shall be complied with by the requesting cooperative before the CGS is issued by the Authority:

6.1 **CGS for Regular Purpose**

- a) Letter request duly signed by the Cooperative Chairman or any authorized representative of the requesting cooperative stating therein the reasons for such request;
- b) Proof of compliance to statutory reports for the preceding fiscal year or complete copies thereof;
- c) Copy of the updated bond of accountable officers/employees of the Cooperative;
- d) Minutes of the General Assembly Meeting for the current/preceding year including the results of the election of the Board of Directors and the Committee Members, approval of development plan and/or annual plan and budget, and acceptance of General Assembly of financial statements, management and committee reports.

In the case of newly registered cooperative, minutes of the special general assembly held within ninety (90) days after the date of registration;

- e) Certification Fee

6.2 **CGS for Special Purpose**

- a. Letter request duly signed by the Cooperative Chairman or any authorized representative of the requesting cooperative stating therein the purpose for such request;
- b. Copy of latest Certificate of Good Standing issued for regular purpose for the preceding year or current year, whichever is applicable.