



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2011-025

To : **ALL COOPERATIVE BANKS**

Subject : **Reminder of the Implementation of the Philippine Cooperative Code of 2008 (R.A. 9520) and Circular 682 dated 15 February 2010**

This is to provide guidance to all cooperative banks in complying with the provisions of Republic Act No. 9520 otherwise known as the Philippine Cooperative Code of 2008 particularly on the provisions relating to the amendment of the Articles of Cooperation (AOC) and By-laws and the quorum and voting rights for cooperative banks. Implementing rules and regulations of said provisions are also in BSP Circular 682 dated 15 February 2010.

1. Amendment of the AOC and By-Laws

Article 97. 3., R.A. 9520:

The articles of cooperation and bylaws of a cooperative bank, or any amendment hereto, shall be registered with the Authority only when accompanied by a certificate of authority issued by the BSP under its official seal.

Pursuant thereto, the Cooperative Development Authority issued Memorandum Circular 2010-05 giving cooperatives until 15 June 2011 to amend their AOC and By-Laws in accordance with R.A. No. 9520.

2. Quorum and Voting Rights

Article 99, R.A. 9520:

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Notwithstanding the provisions of this Code to the contrary, the quorum requirement for amendments of articles of cooperation and bylaws shall be three-fourths (3/4) vote of all the members with voting rights, present and constituting a quorum. All other voting requirements shall be as prescribed by the BSP.

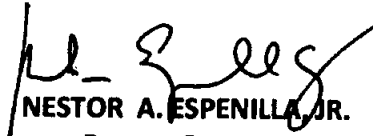
The voting rights of the members shall be proportionate to the number of their paid-up shares.

R.A. No. 9520 changed the number of votes required for the approval of amendment/s to the AOC and By laws and mergers/consolidations from 2/3 of all members with voting rights to $\frac{3}{4}$ vote of all members with voting rights, present and constituting a quorum. It also changed the voting rights from one vote for one member to proportionate voting based on number of paid-up shares.

The above rules on quorum and voting rights shall take effect even if the amendments to the AOC and By-Laws have not been completed consistent with the opinion of the Assistant Governor and General Counsel dated 2 December 2010, to wit:

"R.A. No. 9520 was published in the Official Gazette¹ on 23 March 2009 and thereafter took effect on 7 April 2009. Save for some express provisions², the entire law should already be deemed effective and self-executory as of 7 April 2009. The amendment of the AOC and By-Laws is not a condition *sine qua non* for the effectivity of R.A. No. 9520 as the law is deemed written in the said documents³. It may only be mentioned that while the Cooperative Development Authority has issued Memorandum Circular 2010-05 giving cooperatives until 15 June 2011 to amend their AOC and By-Laws in accordance with R.A. No. 9520, it does not in any way subject implementation of the law to said amendment."

For information and guidance.


NESTOR A. ESPENILLA, JR.
Deputy Governor

20 April 2011

¹ Vol. 105, No. 12, p. 1638.

² Such as Rule 7 Sec. 8 and Rule 11 Sec. 9, R.A. No. 9520.

³ Castillo vs. Balinghasay, G.R. No. 150976, 18 October 2004.