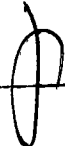


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

23 NOV -8 P 6 :47

RECEIVED BY: 

SENATE

S. B. No. 2480

Introduced by Senator Joseph Victor G. Ejercito

AN ACT
AMENDING REPUBLIC ACT NO. 6938, OTHERWISE KNOWN AS THE
"COOPERATIVE CODE OF THE PHILIPPINES", AS AMENDED, AND FOR
OTHER PURPOSES

EXPLANATORY NOTE

Foreign investments could contribute to the growth and expansion of cooperatives, enabling them to explore new markets, improve products and services, and modernize their operations. This, in turn, may lead to greater economic opportunities and benefits for both cooperative members and the communities they serve.

It is important to note that any potential changes to the Negative List or the "Philippine Cooperative Code of 2008" would require careful consideration, stakeholder consultations, and balance between encouraging foreign investments and safeguarding national interests. The ultimate goal should be to enhance the cooperative sector's capacity to serve its members and contribute to the overall development of the country.

The amendments to Republic Act No. 6938, otherwise known as the "Cooperative Code of the Philippines" would aim to facilitate foreign investments in the cooperative sector while ensuring that control of cooperatives remains in the hands of Filipino natural-born citizens.

The bill seeks to facilitate foreign investments in the cooperative sector by easing the citizenship requirements for cooperative members. It proposes that foreigners be allowed to invest up to 40% of the membership shares in cooperatives, but it also includes a provision that a majority of the cooperative members must be Filipino natural-born citizens. This measure is intended to strike a balance between encouraging foreign investment and ensuring that control of cooperatives remains in the hands of local citizens.

In view of the foregoing, approval of this bill is urgently sought.



JOSEPH VICTOR G. EJERCITO

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**AN ACT
AMENDING REPUBLIC ACT NO. 6938, OTHERWISE KNOWN AS THE
"COOPERATIVE CODE OF THE PHILIPPINES", AS AMENDED, AND FOR
OTHER PURPOSES**

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

1 Section 1. Article 10 of Republic Act (R.A.) No. 6938, as amended by R.A. No.
2 9520, shall be amended to read as follows:

3 "ART. 10. *Organizing a Primary Cooperative.* - Fifteen (15) or more natural
4 persons who are [~~Filipino citizens,~~] of legal age, having a common bond of
5 interest and are actually residing or working in the Intended area of operation
6 **FOR AT LEAST SIX (6) MONTHS**, may organize a primary cooperative
7 under this Code: *Provided*, That a prospective member of a primary
8 cooperative must have completed a Pre-Membership Education Seminar
9 (PMES): **PROVIDED FURTHER, THAT MAJORITY OF SUCH SHALL BE**
10 **FILIPINO CITIZENS."**

11 X X X"

12 Sec. 2. Article 26 of R.A. No. 6938, as amended by R.A. No. 9520, shall be
13 amended to read as follows:

14 "ART. 26. *Kinds of Membership.* - A cooperative may have two (2) kinds of
15 members, to wit: (1) regular members and (2) associate members.

16 "A regular member is one who has complied with all the membership
17 requirements and entitled to all the rights and privileges of membership.

1 An associate member is one who has no right to vote nor be voted upon and
2 shall be entitled only to such rights and privileges as the bylaws may provide:
3 *Provided*, That an associate who meets the minimum requirements of regular
4 membership, continues to patronize the cooperative for two (2) years, and
5 signifies his/her intention to remain a member shall be considered a regular
6 member. **PROVIDED, FURTHER THAT, MAJORITY OF ALL MEMBERS,**
7 **WHETHER REGULAR OR ASSOCIATE, SHALL BE FILIPINO CITIZENS.**

8 X X X"

9 Sec. 3. Article 73 of R.A. No. 6938, as amended by R.A. No. 9520, shall be
10 amended to read as follows:

11 "ART. 73. Limitation on Share Capital Holdings. - No member of primary
12 cooperative other than cooperative itself shall own or hold more than [~~ten~~]
13 **FORTY** per centum [~~(10%)~~] **(40%)** of the share capital of the cooperative.

14 "Where a member of cooperative dies, his heir shall be entitled to the shares
15 of the decedent: *Provided*, That the total shareholding of the heir does not
16 exceed [~~ten~~] **FORTY per centum** [~~(10%)~~] **(40%)** of the share capital of the
17 cooperative: *Provided further*, That the heir qualify and is admitted as
18 members of the cooperative: *Provided finally*, That where the heir fails to
19 qualify as a member or where his total shareholding exceeds [~~ten~~] **FORTY**
20 per centum [~~(10%)~~] (40%) of the share capital, the share or shares excess
21 will revert to the cooperative upon payment to the heir of the value of such
22 shares."

23 Sec. 4. *Repealing Clause*. - All laws, decrees, executive orders, issuances, or
24 regulations inconsistent which the provisions of this Act are hereby revised or
25 amended accordingly.

26 Sec. 5. *Separability Clause*. - If any part of this Act is declared unconstitutional
27 or invalid, such parts or provisions thereof not so declared shall remain valid and
28 subsisting.

29 Sec. 6. *Effectivity Clause*. - This Act shall take effect fifteen (15) days after its
30 publication in at least two (2) newspapers of general circulation.

Approved,