



## HOUSE OF REPRESENTATIVES

H. No. 6481

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BY REPRESENTATIVES PING-AY, PAEZ, LICO, UNGAB, ARNAIZ, GUANLAO AND  
PADILLA, PER COMMITTEE REPORT NO. 2349

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AN ACT AMENDING CHAPTER XII, ON COOPERATIVE BANKS, OF  
REPUBLIC ACT NO. 9520, OTHERWISE KNOWN AS THE  
"PHILIPPINE COOPERATIVE CODE OF 2008", AND FOR OTHER  
PURPOSES

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

1           SECTION 1. Article 97 of Republic Act No. 9520 is hereby amended  
2 with the insertion of a new paragraph 3, which shall read as follows:

3           "ART. 97. *Organization, Membership and Establishment of*  
4           *a Cooperative Bank.* – (1) x x x

5           "(2) x x x

6           "(3) A FOREIGN COOPERATIVE ORGANIZATION OR ITS  
7           EQUIVALENT COUNTERPART DULY ESTABLISHED AND  
8           REGISTERED IN ITS COUNTRY OF ORIGIN MAY BECOME AN  
9           ASSOCIATE OR REGULAR MEMBER OF COOPERATIVE BANKS,  
10          SUBJECT TO PRIOR BSP APPROVAL OF SUBSTANTIAL  
11          ACQUISITION OR TRANSFER OF SHARES IN A COOPERATIVE  
12          BANK: *PROVIDED*, THAT SUCH FOREIGN COOPERATIVE OR  
13          COUNTERPART SATISFIES THE DEFINITION OF A COOPERATIVE

1 FOUND IN ARTICLE 3 OF THIS CODE. PRIOR TO MEMBERSHIP  
2 IN A COOPERATIVE BANK, THE FOREIGN COOPERATIVE SHALL  
3 SUBMIT TO THE BSP AND THE CDA PROOF OF ITS  
4 ESTABLISHMENT AND REGISTRATION AS SUCH FROM ITS  
5 COUNTRY OF ORIGIN.

6 "A QUALIFIED FOREIGN COOPERATIVE  
7 ORGANIZATION MAY OWN UP TO FORTY PERCENT (40%) OF  
8 THE VOTING SHARES OF A COOPERATIVE BANK.

9 "THE BSP, IN COORDINATION WITH THE CDA, SHALL  
10 ISSUE RULES AND REGULATIONS NECESSARY TO IMPLEMENT  
11 THIS PROVISION.

12 "([3]4) x x x."

13 SEC. 2. New sections designated as ART. 100-A and ART. 100-B shall  
14 be inserted after ART. 100 of Republic Act No. 9520, and shall read as follows:

15 "ART. 100-A. *LOANS TO PRIMARY COOPERATIVE*  
16 *MEMBERS.* - CONSISTENT WITH SECTION 36 OF THE  
17 GENERAL BANKING LAW, THE LOANS, CREDIT  
18 ACCOMMODATIONS AND GUARANTEES EXTENDED BY A  
19 COOPERATIVE BANK TO ITS PRIMARY COOPERATIVE MEMBERS  
20 SHALL NOT BE SUBJECT TO THE DOSRI LIMITS. THE LOANS,  
21 CREDIT ACCOMMODATIONS AND GUARANTEES EXTENDED BY A  
22 COOPERATIVE BANK TO ITS PRIMARY COOPERATIVE MEMBERS  
23 SHALL NOT BE DEDUCTED FROM CAPITAL IN COMPUTING THE  
24 REGULATORY CAPITAL OR CAPITAL ADEQUACY OF A  
25 COOPERATIVE BANK: *PROVIDED*, THAT THE SAID LOANS ARE  
26 SECURED. FOR THIS PURPOSE, THE BSP, IN ITS ENDEAVOR TO  
27 BROADEN THE LIST OF ACCEPTABLE COLLATERALS AND  
28 TAKING INTO CONSIDERATION THE UNIQUE NATURE OF  
29 COOPERATIVES, SHALL ISSUE RULES AND REGULATIONS TO  
30 IMPLEMENT THIS PROVISION.

1                   **“ART. 100-B. DEPOSITS IN COOPERATIVE BANKS. –**

2                   **ALL BANKING INSTITUTIONS MAY BE ALLOWED TO DEPOSIT TO**  
3                   **COOPERATIVE BANKS AT LEAST TWENTY-FIVE PERCENT (25%)**  
4                   **OF THEIR TOTAL LOANABLE FUNDS FOR AGRICULTURE,**  
5                   **FISHERIES AND AGRARIAN REFORM CREDIT MANDATED BY THE**  
6                   **AGRI-AGRA REFORM CREDIT ACT OF 2000 UNDER REPUBLIC**  
7                   **ACT NO. 10000. SUBJECT TO THE APPROVAL OF THE**  
8                   **DEPARTMENT OF AGRICULTURE, THE DEPARTMENT OF**  
9                   **AGRARIAN REFORM AND THE BSP, THEIR DEPOSITS WITH**  
10                   **COOPERATIVE BANKS SHALL BE TREATED AS ALTERNATIVE**  
11                   **COMPLIANCE TO THE CREDIT QUOTA REQUIREMENT OF SAID**  
12                   **LAW.**

13                   **“THE BSP, IN COORDINATION WITH THE DEPARTMENT**  
14                   **OF AGRICULTURE AND THE DEPARTMENT OF AGRARIAN**  
15                   **REFORM, SHALL PROMULGATE THE NECESSARY RULES AND**  
16                   **REGULATIONS TO IMPLEMENT THIS PROVISION.”**

17                   SEC. 3. Article 102 of the same Act is hereby amended to read as  
18 follows:

19                   **“ART. 102. Privileges and Incentives of Cooperative**  
20                   **Banks. – x x x**

21                   **“(1) x x x**

22                   **“(2) IN THE ENFORCEMENT OF ACTIONS OF**  
23                   **OBLIGATIONS CONTRACTED IN FAVOR OF THE BANK, THE**  
24                   **COOPERATIVE BANK SHALL BE SUBJECT TO ARTICLE 61(6) OF**  
25                   **THIS CODE. However, in cases of foreclosure of mortgages**  
26                   **covering loans granted by a cooperative bank, and the execution**  
27                   **of judgments thereon involving real properties and levied upon**  
28                   **by a sheriff, it shall be exempt from publication requirement**  
29                   **where the total amount of the loan, excluding interest and other**

1 charges due and unpaid, does not exceed Two hundred fifty  
2 thousand pesos (P250,000.00) or such amount as the BSP may  
3 prescribe, as may be warranted by the prevailing economic  
4 conditions and by the nature and character of the cooperative  
5 banks. It shall be sufficient publication in such cases if the  
6 notice of foreclosure and execution of judgment are posted in  
7 conspicuous areas of the cooperative bank's premises, the  
8 municipal hall, the municipal public market, the barangay hall, or  
9 the barangay public market, if there be any, where the property  
10 mortgaged is situated, within a period of sixty (60) days  
11 immediately preceding the public auction or the execution of  
12 judgment. Proof of publication as required herein shall be  
13 accomplished by an affidavit of the sheriff or officer conducting  
14 the foreclosure sale or execution of judgment, and shall be  
15 attached to the record of the case.

16 “([2]3) x x x.”

17 SEC. 4. If any section or provision of this Act shall be declared  
18 unconstitutional or invalid, such shall not invalidate any other section of this  
19 Act.

20 SEC. 5. All laws, decrees, orders, rules, regulations, ordinances or parts  
21 thereof which are inconsistent with this Act are hereby repealed or modified  
22 accordingly.

23 SEC. 6. This Act shall take effect fifteen (15) days following its  
24 publication in the *Official Gazette* or in two (2) national newspapers of general  
25 circulation.

Approved,