

Republic of the Philippines
HOUSE OF REPRESENTATIVE
Quezon City

15th Congress
Third Regular Session



COMMITTEE REPORT NO. 2349

Submitted by the Committee on Cooperatives Development on **16 AUG 2012**
Re: House Bill No. **6481**
Recommending its approval in substitution of House Bill No. 5989
Sponsor/s: Representative Ping-ay and Paez

Mr. Speaker:

The Committee on Cooperatives Development to which was referred **House Bill No. 5989** introduced by Rep. Jose R. Ping-ay and Cresente C. Paez, entitled:

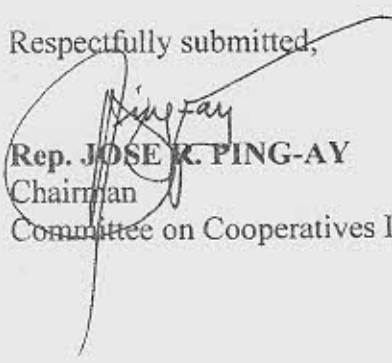
**"AN ACT AMENDING CHAPTER XII, ON COOPERATIVE BANKS, OF
REPUBLIC ACT NO. 9520, OTHERWISE KNOWN AS THE PHILIPPINE
COOPERATIVE CODE OF 2009 AND FOR OTHER PURPOSES"**

has considered the same and recommends that the attached House Bill No. **6481** entitled:

**"AN ACT AMENDING CHAPTER XII, ON COOPERATIVE BANKS, OF
REPUBLIC ACT NO. 9520, OTHERWISE KNOWN AS THE PHILIPPINE
COOPERATIVE CODE OF 2009 AND FOR OTHER PURPOSES"**

be approved in substitution of House Bill No. 5989 with Reps. Jose R. Ping-ay, Cresente C. Paez, Isidro Q. Lico, Isidro T. Ungab, George P. Arnaiz, Agapito H. Guanlao and Carlos M. Padilla as authors thereof.

Respectfully submitted,


Rep. JOSE R. PING-AY
Chairman
Committee on Cooperatives Development

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. **6481**

Introduced by Reps. Jose R. Ping-ay, Cresente C. Paez, Isidro Q. Lico, Isidro T. Ungab,
George P. Arnaiz, Agapito H. Guanlao and Carlos M. Padilla

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 the House of Representatives of the Philippines in Congress assembled:

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

3 "ART. 97. Organization, Membership and Establishment of a Cooperative Bank.

4 (1) x x x

5 (2) x x x

6 (3) A FOREIGN COOPERATIVE ORGANIZATION OR ITS EQUIVALENT
7 COUNTERPART DULY ESTABLISHED AND REGISTERED IN ITS COUNTRY OF
8 ORIGIN MAY BECOME AN ASSOCIATE OR REGULAR MEMBER OF
9 COOPERATIVE BANKS, SUBJECT TO PRIOR BSP APPROVAL OF
10 SUBSTANTIAL ACQUISITION OR TRANSFER OF SHARES IN A COOPERATIVE
11 BANK PROVIDED, THAT SUCH FOREIGN COOPERATIVE OR COUNTERPART
12 SATISFIES THE DEFINITION OF A COOPERATIVE FOUND IN ARTICLE 3 OF
13 THIS CODE. PRIOR TO MEMBERSHIP IN A COOPERATIVE BANK, THE
14 FOREIGN COOPERATIVE SHALL SUBMIT TO THE BSP AND CDA PROOF OF
15 ITS ESTABLISHMENT AND REGISTRATION AS SUCH FROM ITS COUNTRY OF
16 ORIGIN.

17 A QUALIFIED FOREIGN COOPERATIVE ORGANIZATION MAY OWN UP
18 TO FORTY PERCENT (40%) OF THE VOTING SHARES OF A COOPERATIVE
19 BANK.

1 SHALL BE SUBJECT TO ARTICLE 61 (6) OF THIS CODE. However, in
2 cases of foreclosure of mortgages covering loans granted by a cooperative
3 bank, and the execution of judgments thereon involving real properties and
4 levied upon by a sheriff, it shall be exempt from publication requirement
5 where the total amount of the loan, excluding interest and other charges due
6 and unpaid, does not exceed Two hundred fifty thousand pesos (P250,000.00)
7 or such amount as the BSP may prescribe, as may be warranted by the
8 prevailing economic conditions and by the nature and character of the
9 cooperative banks. It shall be sufficient publication in such cases if the notice
10 of foreclosure and execution of judgment are posted in conspicuous areas of
11 the cooperative bank's premises, the municipal hall, the municipal public
12 market, the barangay hall, or the barangay public market, if there be any,
13 where the property mortgaged is situated, within a period of sixty (60) days
14 immediately preceding the public auction or the execution of judgment. Proof
15 of publication as required herein shall be accomplished by an affidavit of the
16 sheriff or officer conducting the foreclosure sale or execution of judgment,
17 and shall be attached to the record of the case.

18 ([2]3) x x x

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

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

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

Approved.

FACT SHEET
HOUSE BILL NO. 6481

**“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”**

Introduced by: **HONS. JOSE R. PING-AY & CRESENTE C. PAEZ**

Committee Referral: **COMMITTEE ON COOPERATIVES DEVELOPMENT**
Committee Chairperson: **HON. JOSE R. PING-AY**

OBJECTIVES:

- To strengthen the loan portfolio of cooperative banks by allowing foreign investments thereby significantly improving its capacity to support economic endeavors in the countryside;
- To enhance the financial capacity of cooperative banks in providing loans with reasonable terms thereby supporting the economic growth of its partners in the local communities;
- To provide linkage as the government's retailer of funds in order to enhance the viability of cooperatives as an economic enterprise.

KEY PROVISIONS:

- Allows foreign cooperative organizations to become a regular or associate member of cooperative banks;
- Sets the maximum limit for the qualified foreign cooperative investor at forty percent (40%) of the voting shares of the cooperative bank;
- Seeks to exempt the loans, credit accommodations and guarantees extended by the cooperative bank to its primary cooperative members from the DOSRI limits as provided in Section 36 of the General Banking Act;
- Strengthens the cooperative bank's regulatory capital requirement by not deducting the loans, credit accommodations and guarantees extended by cooperative banks to its primary cooperative members;
- Encourages local banking institutions, whether private or government to deposit with the cooperative banks at least 25% of their total loanable funds under the Agri-Agra Reform Credit Act of 2000;
- Clarifies the privileges and incentives of cooperative banks.

RELATED LAWS:

- RA 8791, the General Banking Law of 2000
- RA 9520, the Cooperative Code of 2008
- RA 10000, the Agri-Agra Reform Credit Act of 2009