Re: Financial Instruments with Characteristics of Equity: Cooperative Shares

Dear Mr. Herz,

The German Cooperative and Raiffeisen Confederation very much appreciates the progress both Boards achieved in carefully assessing the specific characteristics of cooperative shares.

We are deeply convinced that the economic substance of shares in cooperatives justify classification as equity. Redemption of shares in cooperatives is a bare necessity in order to maintain control over the entity and to regulate access to membership.

Hence German cooperatives especially support FASB's recent decision, to classify shares puttable or mandatorily redeemable upon death or retirement of the holder, as equity.

It is of vital importance for cooperatives that IASB endorses FASB's decision to use the term 'retirement' broadly to include events such as termination, resignation, or ceasing to be a member in a cooperative.

Thus, we would like to encourage the Board to continue its work on these approaches.

Kind regards

Dr. Eckhard Ott