NACF (National Agricultural Cooperative Federation)’s Comment on consultative documents

- **Cooperative’s Capital is needed to be classified as a common equity.**
  - To be classified as a common equity, it is perpetual and never repaid outside of liquidation.
  - Cooperative’s capital may not be classified as a common equity under this consultative document, because Cooperative’s capital is repaid if a member withdraws.
  - The Character and Structure of a Cooperative’s Capital is different from that of a commercial bank.
  - So different principle should be considered to classify a cooperative’s capital.
  - For example, IFRS considers to classify a instrument as a equity if a instrument is repaid only when a member has died, retired or resigned.
  - There is little possibility that a member of NACF withdraws and nowadays any member hasn't withdrawn.
  - If a member withdraws, other member may take over the share. So Cooperative's capital is perpetual like a common share.
  - We ask that BCBS classifies a cooperative capital as a common equity in view of the character and structure of cooperative's capital.