

Commission Regulation (EC) No 1073/2005 of 7 July 2005 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards IFRIC 2 (Text with EEA relevance)

- Article 1 Annex to Regulation (EC) No 1725/2003 is amended as follows:...
- Article 2 This Regulation shall enter into force on the third day...  
Signature

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## ANNEX

- IFRIC INTERPRETATION 2  
MEMBERS' SHARES IN COOPERATIVE ENTITIES AND SIMILAR INSTRUMENTS
- References
- Background
- 1 Cooperatives and other similar entities are formed by groups of...
- 2 IAS 32 establishes principles for the classification of financial instruments...
- Scope
- 3 This Interpretation applies to financial instruments within the scope of...
- Issue
- 4 Many financial instruments, including members' shares, have characteristics of equity,...
- Consensus
- 5 The contractual right of the holder of a financial instrument...
- 6 Members' shares that would be classified as equity if the...
- 7 Members' shares are equity if the entity has an unconditional...
- 8 Local law, regulation or the entity's governing charter can impose...
- 9 An unconditional prohibition may be absolute, in that all redemptions...
- 10 At initial recognition, the entity shall measure its financial liability...
- 11 As required by paragraph 35 of IAS 32, distributions to...
- 12 The Appendix, which is an integral part of the consensus,...
- Disclosure
- 13 When a change in the redemption prohibition leads to a...
- Effective date
- 14 The effective date and transition requirements of this Interpretation are...

### Appendix

#### EXAMPLES OF APPLICATION OF THE CONSENSUS

This appendix is an integral part of the Interpretation.

- A1 This appendix sets out seven examples of the application of...

**UNCONDITIONAL RIGHT TO REFUSE REDEMPTION (paragraph 7)****Example 1****Facts**

A2 The entity's charter states that redemptions are made at the...

**Classification**

A3 The entity has the unconditional right to refuse redemption and...

**Example 2****Facts**

A4 The entity's charter states that redemptions are made at the...

**Classification**

A5 The entity does not have the unconditional right to refuse...

**PROHIBITIONS AGAINST REDEMPTION (paragraphs 8 and 9)****Example 3****Facts**

A6 A cooperative entity has issued shares to its members at...

A7 The entity's charter states that cumulative redemptions cannot exceed 20...

**Classification**

Before the governing charter is amended

A8 Members' shares in excess of the prohibition against redemption are...

A9 On 1 January 20x1 the maximum amount payable under the...

After the governing charter is amended

A10 Following the change in its governing charter the cooperative entity...

**Example 4****Facts**

A11 Local law governing the operations of cooperatives, or the terms...

**Classification**

A12 In this case, CU 750 000 would be classified as equity...

A13 The redemption prohibition described in this example is different from...

**Example 5****Facts**

A14 The facts of this example are as stated in example...

**Classification**

A15 As in example 4, the entity classifies CU 750 000 as...

**Example 6****Facts**

A16 The entity's governing charter prohibits it from redeeming members' shares,...

**Classification**

A17 The entity classifies CU 12 000 of the members' shares as...

**Example 7****Facts**

A18 The entity is a cooperative bank. Local law governing the...

**Classification**

A19 In this example members' shares are classified as financial liabilities....

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**Changes to legislation:** There are currently no known outstanding effects for the  
Commission Regulation (EC) No 1073/2005. (See end of Document for details)

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- (1) OJ L 243, 11.9.2002, p. 1.
- (2) OJ L 261, 13.10.2003, p. 1. Regulation as last amended by Regulation (EC) No 211/2005 (OJ L 41, 11.2.2005, p. 1).
- (3) OJ L 393, 31.12.2004, p. 1.

**Changes to legislation:**

There are currently no known outstanding effects for the Commission Regulation (EC) No 1073/2005.