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BIS
Basel Committee on Banking Supervision
Centralbahnplatz 2
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Regarding Revisions to the Basel III leverage ratio framework

To whom it may concern,

Regarding the Additional requirements for G-SIBs, I suggest that the Committee uses this consultation to re-assess the effectiveness of Additional Tier 1 (AT1) instruments that count towards going concern capital. Recent incidents, e.g. Deutsch Bank last February, have shown that AT1 instruments create externalities that may not contribute to financial stability.

Moreover, an incident associated with the conversion of bank capital instruments in one European jurisdiction has influenced public opinion and politicians in such a way that issuance of convertible bank capital instruments now appears to be out of bounds.

Despite the adverse effects of convertible bank capital instruments, some jurisdictions allow AT1 instruments to be sold as saving products to retail investors, see the illustration below:



Given these (and other) problematic issues that are associated with convertible bank capital instruments, the Committee should restrict their issuance. Even better: not allow them to count towards Tier 1 capital for the leverage ratio.

Yours sincerely,

Martien Lubberink