

Email

Mr Arnoud VOSSEN
Secretary General
Committee of European Banking Supervisors
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Brussels, 23 September 2009

**Subject: EBF response to the CEBS Consultation Paper entitled
“Implementation Guidelines regarding Hybrid Capital Instruments”**

Dear Mr Vossen,

I am pleased to inform you that, overall, the comments from the EBF membership on the proposed implementation guidelines are positive. We commend CEBS on producing a clear set of implementation guidelines which were thoroughly assessed and which will be useful to market participants to achieve a full understanding of the new rules.

The proposed guidance concerning the buy-back of hybrid instruments is the most critical part of the Consultation Paper. Our major concern is that the significant restrictions which CEBS is considering have not been mandated by the recent CRD amendments or by any recommendation made by the Basel Committee. Moreover, we disagree with the view taken in the Consultation Paper that, in economical and prudential terms, buy-backs would be equivalent to a call or redemption. Therefore, we also disagree with the proposed conclusion that the same process should apply to the buy-back of a hybrid instrument as to a call for redemption.

Furthermore, our comments are also critical regarding the process which the Consultation Paper proposes concerning applications for calling or redeeming a hybrid instrument. We believe that, taking into account that supervisors are engaged in a regular dialogue with banks on their solvency situation, it should be possible to subject applications made by issuers to a less onerous and more flexible process which would, moreover, require supervisors to decide within a reasonable time-frame.

The attached EBF response also highlights some other significant concerns which we trust you to consider as well.

Yours faithfully,



Guido Ravoet

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