POSITION PAPER

ESBG RESPONSE TO CESR ON THE MiFID LEVEL 3 WORK PLAN

(Ref. CESR/06-413)

11 September 2006

EUROPEAN SAVINGS BANKS GROUP

The European Savings Banks Group (ESBG) welcomes this opportunity to comment on CESR's proposal on its MiFID level 3 draft work programme. We welcome CESR's proposal, but we would like to encourage CESR to develop its suggestions in the first category further. Notably, we believe that market participants would benefit from additional clarifications as regards the implementation of several aspects of the MiFID.

First category

The consultation paper states that the first category of Level 3 work would consist of technical issues of operational importance needed to achieve consistent implementation of the level 1 and level 2 texts. According to the paper, the material that would fall under this category should be targeted at making the legislative texts workable and includes areas where clarification is needed before the entry into force of the Level 1 Directive and Level 2 implementing measures.

The ESBG is supportive of this approach as we believe that it is important to make the legislative texts workable. It is of the utmost importance to help market participants comply with the new measures. In our view, legal uncertainty and possible delays could be best avoided by clarifying some crucial issues before the MiFID enters into force. Along these lines, we would like to encourage CESR to provide consistent guidelines addressed to entities as regards the issues that fall under this category.

In addition, we consider that CESR should develop the list of issues it proposes to deal with in this category even further. We are aware of the fact that the proposed list is neither exhaustive nor final, but we consider that some issues, such as "how to achieve best execution" or "organisational requirements", should already be included in the first category of the work plan, as we consider that these issues should be clarified before the entry into force of the level 1 and 2 measures.

Moreover, we consider that several other issues included in other categories of the work plan (e.g. conflicts of interest, investment research and marketing communications) should also fall under the first category, as we consider that they should be clarified before the entry into force of the level 1 and 2 measures. From our point of view, including these issues under the first category would help entities implement the new measures in a proper manner before the new measures enter into force.

Other categories

As regards the tasks proposed under the other categories of the work plan, the ESBG supports the proposals listed in the consultation paper. Finally, we agree with CESR that it is of the utmost importance that the work in all three categories should be well coordinated.

About ESBG (European Savings Banks Group)

ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of €4,716 billion (1 January 2005). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

ESBG members are typically savings and *retail* banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their *region*. ESBG member banks have reinvested *responsibly* in their region for many decades and are one distinct benchmark for corporate social responsibility activities throughout Europe and the world.

Rue Marie-Thérèse, 11 B-1000 Brussels Tel: +32 2 211 11 11 Fax : +32 2 211 11 99