

April 27, 2007

By electronic mail: www.cesr.eu

The Committee of European Securities Regulators
11-13 avenue de Friedland
75008 Paris
FRANCE

**RE: Inducements under MiFID (Second Consultation Paper), Ref: CESR/07-228
(April 2007)**

Ladies and Gentlemen:

Bloomberg Tradebook Europe Limited (“Bloomberg Tradebook Europe”) welcomes the opportunity to comment on the public consultation issued by CESR in April 2007 concerning “Inducements under MiFID”.

We understand that CESR will publish its final recommendations and a detailed feedback statement on responses received to the two consultations by the end of May 2007. While we appreciate that CESR has considered the views of market participants following the publication of the December 2006 consultation paper and has taken these responses into account in developing the draft recommendations under consideration, it is difficult to comment on the second consultation paper without having the benefit of CESR’s positions on the first consultation paper. We support CESR’s decision to publicly re-consult on an amended draft of its earlier recommendations; however, it is not entirely clear to us what aspects of the proposed inducements rule will be modified as a result of this consultation.

In particular, the reference in the first consultation to “disproportionate benefits” was subject to extensive criticism, and CESR’s current position on this issue is not clear, although we understand that in the public hearing held in Paris on April 24, 2007, it was suggested that CESR has moved away from the “disproportionate benefits” standard. We respectfully recommend that CESR make that point clear in its next publication on this subject. Moreover, from our review of the second consultation paper, it does seem that CESR has removed the proportionality factor. We respectfully submit that this would be the appropriate outcome on this issue, as we do not consider the statements made about “disproportionate benefits” in the previous consultation to have any legal basis; there is no such concept in Article 26.

We are concerned that CESR has inserted a word into the text of Article 26 (as it appears in the English version at least) which has the potential to give a completely different

reading to the provision. Article 26(a) refers to: “a fee, commission or non-monetary benefit paid or provided to or by the client or a person on behalf of the client”.

In contrast, the CESR Article 26(a) text states that “a fee, commission or non-monetary benefit paid or provided to or by the client or a person acting on behalf of the client”, which may result in a narrower interpretation of permitted payments. There are contexts where the Article 26(a) text would apply but the CESR text would not, such as a payment made on behalf of a client to a person to whom the client was indebted but not in instances where the creditor was acting on behalf of the client. We suggest the word “acting” be deleted from CESR’s interpretation as it departs from the statutory text and distorts its meaning. The text as it appears in the Directive is the text that should be interpreted.

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We appreciate the opportunity to provide comments to CESR and we hope our comments are helpful.

Respectfully submitted,

*Bruce Garland*_{by R.D.B.}