



Association of Members of the Athens Exchanges

Athens, 14 February 2007
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To
Fabrice Demarigny
Secretary General
CESR
11-13, Avenue de Friedland
75008 Paris
France

Dear Sirs,

The "Association of Members of the Athens Exchanges" is a non-profit trade organization, members of which are all brokerage firms and banks that are members of the Athens Exchange. Presently, our Association represents 62 ATHEX members.

Our Association would like to submit in this response comments and observations on the consultation paper concerning inducements under MIFID.

Yours sincerely,

ALEXANDER MORAITAKIS
PRESIDENT

ALEXANDER POULARIKAS
SECRETARY GENERAL



Comments of the Association of Members of the Athens Exchange

ON THE CONSULTATION PAPER

***INDUCEMENTS UNDER MIFID
December 2006***

In principle we disagree with the restrictive interpretation that CESR makes of "proper fees" defined in article 26(c) of the Directive 2006/73/EC. In CESR's view "proper fees" are restricted only to those types of costs that are mentioned indicatively in article 26(c) or similar types of costs. It should be mentioned, though, that there are commissions and fees outside this strict interpretation, which can be considered "proper", i.e. "necessary for the provision of investment services and which by their nature cannot give rise to conflicts with the firm's duties to act honestly, fairly and professionally in accordance with the best interests of its clients". Therefore, such commissions and fees should be excluded from the restrictive conditions set out in article 26(b), as suggested by CESR, and they should not be subject to the requirement of disclosure and the application of the tests proposed by CESR.

In particular, the agreements and co operations that an investment firm with no direct access to all markets and services enters into and are considered necessary for the best and most effective provision of investment services to its clients, should not fall within the restrictive provisions of article 26(b) and be fully disclosed to its clients and consequently to its competitors. The terms of these agreements constitute part of the value of each investment firm, have been accomplished after negotiations and market research and are considered to be an important asset differentiating each investment firm from its competitors. Disclosure of these terms, might benefit investors in the short term – marginally in our opinion. The majority of investment firms, though, will lose this "asset" as well as whichever competitive advantage they have attained in the course of their business activities and ultimately they will be forced to "shut down".

As a result, the number of investment firms will be reduced in the next few years and only very few large integrated firms will benefit from this situation. In the long run, this will lead to the formation of oligopoly conditions which will not only act against the interests of investors and their protection but will also have a negative impact on the effectiveness and the integrity of the markets.

CESR should take into account the impact of such an interpretation when issuing its recommendation on inducements.