Milan, May the 31, 2010

Assofinance is the Italian Association of independent financial advisors, established in Milan, and representative of individual advisors and several s.r.l. ("limited liability companies") working in advisory, financial analysis and diagnostics of financial instruments.

Thanks to our long experience in "day to day" assistance about financial problems of our customers (private but also institutional and public institutions) and after the "unbundling" of thousands of "non-equity" financial instruments, like structured bonds, unit & index linked, OTC derivatives etc. we believe we have the requirements for expressing a reasonable opinion about "Consultation on MIFID complex and non complex financial instruments for the purposes of the Directive's appropriateness requirements" issued on May 2009. In the same month we' ve been called for a public hearing by the Italian Senate Finance Committee (VI Commissione Finanze del Senato) about derivatives subscribed by thousands of Municipals (from small villages to the biggest Regions).

Concerning the MiFID classification as "complex" vs "non complex" bonds for the purposes of the appropriateness requirements, we think that all the instruments that explicitly or (as almost always happens) **implicitly** embed a derivative (often credit derivative) should be treated as "complex". This aspect is of particular relevance in the case of subordinated bonds where the credit risk embedded in the financial instrument is relevant.

We would suggest to revise the proposed amendment to the Article 19(6) in order to consider corporate bond characterized by a higher credit risk than the riskless assets as belonging to the category of "complex" products. In fact, the investors have great difficulty in understanding debt financial instruments (mostly due to derivative component) with particular regard to the calculation of the "fair price".

We think it is necessary to establish that subordinated bonds should always be considered complex since retail investors have no clear perception of the risks embedded in such instruments (i.e. credit risk).

Thanks you for the chance to express our opinion about this important issue.

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